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No.30,964

World News

Thursday October 5 1989

East Germans head West

Honecker's 'tougher line' likely

leadership is likely to revert to

a tough, "law and order"

regime after the retugee crisis, according to a prominent East German Protestant church

Mr Manfred Stolpe, the

church's most senior lay offi-cial, said the party apparatus was leaning "very strongly" toward increased internal

"Pragmatic policies with

the administrative offices were

turned over to the parents of more than 1,500 children and

For most of the day,

contradictory explanations had

circulated through Prague as to why the East German authorities did not provide the

trains on Tuesday evening,

following an announcement in Bonn that it had been agreed that the refugees could leave

The delay was first thought

to reflect purely technical difficulties in mobilising the

trains and the fact that the

Bast Germans were reluctant

to have the refugees visibly

travelling through their

territory in daylight on the "freedom trains."

senior official from the

Czechoslovak Trade ministry

said the trains were unable to

pass into Czechoslovakia "for

But yesterday morning, a

infants.

for the West.

THE EAST GERMAN short-term results" would con-

tinue to prevail as long as Mr Erich Honecker, East Germany's 77-year-old leader, remained in power.

"It might be that Honecker

The Kast German leader had

a gall bladder operation in

August and in his first speech

East Germans, he said, were

government's ban on travel to

However, it is also understood from officials in

Prague that the Czechoslovak

authorities, fearing an even greater increase in the number

of refugees in the city, warned the East Germans that if they

did not provide the trains quickly, Czechoslovakia would

be forced to reopen its border

Officials added that despite the close relationship between

two of the most conservative

leaderships in Eastern Europe, Prague's relationship with Rast Berlin had become noticeably

As the calvacade of

Hungarian-made East German buses wound their way

through the rush hour to

with East Germany.

strained.

their

lying across the railway tracks

protest at

afterwards appeared frail.

political reasons.\*

Czechoslovakia.

will only remain in power for a few more weeks," Mr Stolpe

D 8523A

# **Bush to ask**

### Congress for \$200m aid for Poland

President George Bush will ask Congress for an additional \$200m loan for Poland to help with the restructuring of its. economy. Marlin Fitzwater, the White House spokesman. said the decision to increase American aid reflected "the dramatic changes in Poland over the past two months." Page 18

# Panama accuses US

Panama's president accused US Army troops of blocking attempted coup to keep Panamanian troops from rescuing Defence Forces chief Gen Manuel Antonio Noriega. US reaction, Page 18

### Israeli delay

Israel's inner cabinet is likely israel's much transmiss in Egyp-to delay its reaction to Egyptian proposals for Israeli-Pales-tinian peace talks, despite pres sure from the US to reach a decision. Page 6

### . ಎ.ಮಿಕ ಕನ∂ಕ **EC** taxation

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7 27 .55

The European Commission decided on confrontation, rather than concession, in the increasingly tense battle with EC governments over how to levy indirect taxes in a frontier-free Community. Page 2

### **US resists sanctions** THE Bush Administration is seeking to put off Congressional pressure for additional sanctions against South Africa Page 4

### Chinese warning The Chinese Government

warned that its future co-operation with Hong Kong had been "marred" because the British colony had allowed a Chinese swimmer to fly to the US instead of sending him home. Page 6

judges have approved the duced by the Government in its anti-drug package on August 18. Page 4

Drug extradition

Colombia's Supreme Court

### Natai clashes

About 100 people have died in clashes between rival black political groups in Natal since peace falks between the two sides broke down. Page 6

### Norwegian blast

An unexplained gas explosion at an oil refinery in southern Norway has indefinitely halted processing of some 90,000 bar-rels of oil per day of the coun-try's North Sea oil.

### Soviet reform

A close adviser to President had turned out to be a more difficult process than was expected. Page 2

### Hijack sentence

Convicted Lebanese hijacker Fawaz Yunis was sentenced to 30 years in a US prison for the 1985 seizure of a Jordanian airliner in Beirut with two

### Americans on board. Famous hotel fire

Langham Hotel, once the most popular in London, which served as home to the exiled Emperor Napoleon III and to American Wallis Simpson was

### Computer crime

International co-operation is of computer crime, the International Bar Association conference was told. Page 2

### **Business Summary** Ciba-Geigy pulls out of **battle** for

SERIALS

DIVISION

MORE THAN 7,000 jubilant

Rast Germans were last night heading out of Czechoslovakia

towards the West German

border after a long day of uncertainty over whether they would be allowed to leave at

Only late in the afternoon did the East German authorities finally provide the trains to take the refugees to

Thousands of tired but

clearly delighted, young people filed into dozens of East German buses in Prague's old

As each bus pulled up in

front of the crowds of East Germans, hundreds of Czechoslovak citizens, some leaning out from windows,

waved, shouted, appauded and

The quene to board the buses stretched through the

old town up to the West

Germany embassy on Vlasska

Since Sunday, more than 6,000 people had waited in the

grounds of the embassy to travel to the West, while about 2,000 more waited outside on

the square with exemplary

As the week wore on, conditions in the beautiful

baroque Lobkovic Palace,

The large garden, once the

envy of other embassies, was

turned into a muddy camping site. Rows of bunk beds filled

the small courtyard and even

A EUROPEAN Community

plan which would require member states to recognise

each others' sirline pilot

licences provoked concern in the UK Government last night.

Fears were being voiced in London that relatively high UK

standards of air safety could be

compromised by the proposal, designed as a important part of

the EC's emerging air trans-

port deregulation policy.

By Tim Dickson in Brussels and Paul Betts in London

which houses the embassy,

became critical.

wished them good luck.

quarter in the early evening.

the West.

### Connaught CIBA-GEIGY, Swiss chemicals group, withdrew from the battle for Commanght BioSciences Canadian vacrines maker leaving the way open for a \$801m bid by Institut Mérieux, French biotechnology company controlled by Rhône Poulenc.

SEARS, international retail group, reported that high inter-est rates hit its retailing and housebuilding. First half prof-

FSA, Financial Security Assurance, US company providing credit guarantees on corporate

STANDARD CHARTERED, UK-based international commercial bank, and West-deutsche Landesbank (West LB), West Germany's biggest public sector financial institu-

SGIC, Western Australian State Government Insurance Commission, is to sell its stake in Bell Group, which could trigger a helty indemnity pay-

PEUGEOT, Europe's third largest car maker, won court rul-ing that 400 strikers end their 10-day occupation of a plant at the heart of a month-long

LEEDS Permanent, fifth largest HK building society, plans sweeping changes in commer-cial strategy with the closure of many of its branches. Its tival Halliax, largest UK build-ing society, respected higher

**US Senate Finance Committee** rejected any reduction in capital gains tax, forcing a Senate

OSLO bourse plans to make itself more attractive to interial shipping companies. pege 24

allay investor fears about media impact its \$1.9bn acquisition of MGM/UA Communications, the Hollywood film production group. Page 22

WORLD BANK and International Monetary Fund may provide extra financial support to developing countries follow-ing agreement to reform world farm trade in the Uruguay Round Page 7

UK accountants Coopers & Lybrand and Deloitte, Haskins & Sells confirmed plans to merge UK practices to form Britain's largest professional services group.

COCOM. Co-ordinating Committee on Multilateral Export Controls, is to review efforts to streamline Western restric-tions on high-technology exports to Communist coun-

tries. Page 7 EUROPEAN Commission vice president Sir Leon Brittan urged Japanese businessmen to ahandon their trade cartels.

Page 7 NEW ZEALAND financial markets made light of collapse of DFC New Zealand, merchant benk in which Salomon Briothers, US investment bank, has a 20 per cent shareholding.

US Federal Reserve has asked for public comment on rule changes which would allow certain foreign debt and equity securities to be traded in same way as US securities. Page 26

**AXA-MIDI, French insurance** company attempting to buy Farmers Insurance as part of Sir James Goldsmith's break-up bid for BAT Industries, is to submit new filings to US insurance commissioners to clarify the financing of the proposed acquisition. Page 20

rices and a second

its fell 13 per cent. Page 19

deht issues, agreed to \$245m takeover by US West, the tele-come group. Page 26

tion, reached agreement for co-operation in international markets. Page 19

ment from debt-burdened Bond Corporation. Page 20

pay dispute. Page 2

ing society, reported higher first half profits. Page 9

floor debate, Page 4

**CINTEX** Australia moved to

Transport Department officlais in London said they had not seen the proposals and emphasised that they were open to negotiation. "But we would obviously have reservations about any lowering of the current high standards in the UK," the department said.

Mr Karel van Miert, the EC's Transport Commissioner, insisted that the European

 AUSTRALIA'S airline pilots withdrew a 29 per cent pay claim at the heart of a dispute which has seriously disrupted domestic air services. The union is asking for an unspecified rise based on a 25 per cent rise increased in productivity. Page 18 BOEING, US aircraft manufacturer, is trying to continue production using supervisory and non-striking workers after its 57,000 members of the machinists union began a strike. Page 18

**UK concern over EC pilots plan** 

Commission's initia-tive — which also applies to air traffic control staff and qualifications in the member maintenance neers - "reconciles the objec-tives of the free circulation of workers and the highest safety standards in air transport." At a press conference in Brussels he referred specifically to the recent spate of air-line disasters and the way in

which these put the "human factor" into perspective. Under the Commission's pro-

states, provided that at the minimum these conformed with conditions laid down in the latest edition of the Chicago Convention due to take effect next month.

recognise licences issued by

A European Commission official said last night that the new directive, which has to be agreed by member states, would only require Britain to

although these licences carried some restrictions.

devise common standards. UK standards were more rigorous than those of many other countries, the CAA said. The CAA required a minimum of 700 hours of flying experience before granting a commercial pilot licence in the UK, it said. In contrast, some countries issued licences with only 200 hours of flying experience

### after day of uncertainty Prague's Liben railway station, West German and Czech officials conceded that the problem was far from over.

'Closing off the border with Czechoslovakia will not solve the problem. It will boil up the internal pressure in East Germany," said a Western diplomat closely involved in the refugee crisis. His remarks were echoed by his Czech

No sconer had they said this, when unconfirmed reports from East Germany claimed that the East German police were preparing to seal off those railway stations where the trains will stop

Last Sunday night, when 5,500 refugees were allowed to leave Czechoslovakia, western officials travelling with them said several East Germans simply boarded the west bound trains as soon as they pulled into stations in East Germany. It remains to be seen if the

East German authorities will expel all 7,000 people. In return for passage through East Germany, it was agreed between Mr Hans-Dietrich Genscher, the West German Foreign

Minister, and his countenants in East Berlin, that the young East Germans would, on the train, be given legitimate exit papers to leave for the West and then they would hand over their identity papers.

in the event, they received no such legal exit papers. They were simply expelled.

other Community countries.

Non-British pilots would still

have to conform with Britain's so-called "validation" require-ments, which fix the number of

hours which have to be flown

before a pilot can start work.

Authority said it was already

working with the European Civil Aviation Conference of 23 member states – to

Britain's Civil Aviation

### The pressure for a rise in interest rates West German rates (%) 3~month 7.6 D~Mark 3~month interbank Lombard Banks' base 6.0 14.0 Halifax mongage Discount

# Bank steps in to bolster £

By Simon Holberton, Economics Staff, in London

THE BANK of England intervened repeatedly and heavily in foreign exchange markets yesterday to bolster flagging pound as the West German Bundesbank prepared the way for a rise in domestic rates today through its money

market operations. The Bank bought sterling for dollars and for European Currency Units throughout trading yesterday but its efforts were not enough to stop the pound ending at its lowest level against the D-Mark for 19 months.

The Bundesbank's Frankfurt directorate favours a rise in interest rates and a narrowing of the differential between its discount rate and its Lombard rate, currently 5 and 7 per cent, respectively.

The magnitude of the rate

rises, however, will have to be decided by the Bundesbank's policy-making council when it meets this morning. However it is possible the Lombard rate will rise by 0.5 percentage points and the discount rate by Yesterday, short-term West

a full point. German interest rates rose to

7.5 per cent after the Bunde-bank's morning money market

Many Continental European countries are expected to foilow suit to preserve the existing exchange rate parities within the European Monetary System. Austria and Switzerland may also join in.

A rise in European rates could provide Mr Nigel Lawson, the UK Chancellor of the Exchequer, with an excuse for raising the cost of borrowing in the UK. He could present it as part of a general upwards move in interest rates throughout Europe. Interest rates in UK money

markets ended yesterday at 14.75 per cent, well above the prevailing level of bank base rates at 14 per cent.
Analysts believe UK rates

will have to rise by 1 point if the pound weakens significantly in reaction to the West German rate rise. Last week the Bank was Continued on Page 18

Economic Viewpoint, Lesso from Old Vienna, Page 16; Lex, Page 18; London stocks, Page 33; Currencies, Page 40

# FT to print in Tokyo

By Ian Rodger in Tokyo and Raymond Snoddy in London THE Financial Times is to be tional business and financial printed in Tokyo from June, centre and the need for the FT 1990.

coint Blakenham, the FT chairman, making announcement at a press conference in Tokyo yesterday, recalled that printing the FT in Europe, which began in 1978, had made it a European newspaper. "The decision to print in Japan establishes us as a global newspaper."

He said the move was a recognition of the growing importance of Tokyo as an interna-

The Financial Times will be the first British newspaper to be printed in Japan, although both the Wall Street Journal and the International Herald Tribune have been printed there since 1987. Circulation targets, at least

to begin with, are modest. At the moment the FT sells about 1,500 copies a day in Japan. Continued on Page 18

# IBM applies to join European semiconductor research project

By Alan Cane in Brussels

INTERNATIONAL Business Machines, the world's largest computer company, is anxious to join Western Europe's \$4bn joint research project into semiconductor technology, Mr John Akers, chairman of the US-based group, said yester-

Confirming speculation that IBM had applied for member-ship of the Joint European Semiconductor Silicon (Je project, Mr Akers said it was important for Europe to be independent in semiconductor. technology. His remarks are bound to

stimulate further suggestions of link ups between members of the Jessi consortium and Sematech, the equivalent research body in the US. Jessi, which was set up in

response to the large-scale investment programmes in semiconductors in both the US and Japan, has attracted wide corporate and government

The European Commission

has recently agreed to contrib-

ute to the funding, alongside several national governments and most of the leading West European information technology companies.

Some European-based semiconductor companies have shown an interest in the past in joining Sematech on the grounds that they manufacture chips in North America. These overtures have been rejected, leading to a reluc-tance to allow US membership

But many semiconductor companies in both Western Europe and the US can see advantages from greater co-operation to meet the powerful

challenge from Japan.
IBM is the biggest semiconductor manufacturer in the world and has unrivalled technological strengths in certain aspects of semiconductor design.
This puts it in a key position

in determining the future of

research co-operation. More-

over its heavy investments in

Western Europe give it greater

of bitter medicine

Vienna ...

to the Senate floor ...

the rebirth of planning ....

Giving a rare European press conference only a week after he warned Wall Street enalysts that IBM's third quarter figures would be below analysts' expectations. Mr Akers said that IBM was negotiating with Jessi authorities for a role in the overall project.

He was not able to say whether IBM's proposals had met with a favourable Mr Akers was cautious in offering his views on IBM's

current commercial performance, which has seen its growth slow to well below the industry average and its share price slump to around \$105. He attributed the third quarter problems to difficulties with a new high capacity mem-ory system to a switch among

He believed the measures IBM had implemented over the past three years would prove adequate to solve the problem.

Stricken economies: Caribbean grows weary

**Washington:** Capital gains cut proposal goes

The influence of affluence: Advertising's

Editorial Comment: Unloved but still needed;

Economic Viewpoints Lessons from Old

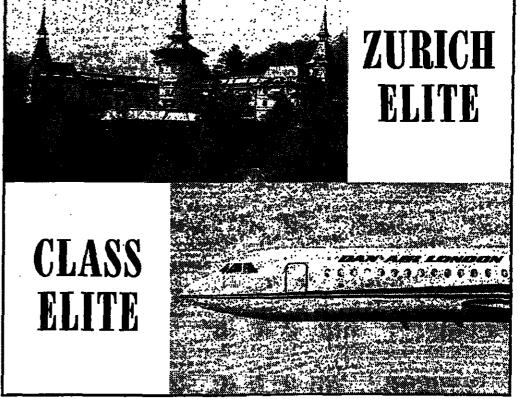
Faith and Pharisees: Church of England's

Lex Markets, Standard Chartered, Sears, Har-

impact on drinks consumption ......

customers from outright sales

to leasing and to currency fluc-



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### MARKETS

\$1.60205 \$1.6045 (1.6055) DM3.0125 (3.0275) SFr2.6105 (2.625) Y226.25 (226.75) £ index 90.9 (91.2) COLD New York: Comex Dec \$371.6 (371.4)

N SEA OB. (Argus)

Brent 15-day Oct

\$18.80 (+0.05)

DOLLAR New York to DM1.87935 SFr1.8275 Y141.13 DM1.8775 (1.886) FFr6.37 (6.40) SFr1.627 (1.635) Y141.05 (141.2) Tokyo close: Y140.6. 118 LUNICHTIME Landon: \$366.25 (365.75)

RATES

STOCK INDICES FT-SE 100: 2,312.1 (--6.5) FT Ordinary: 1,890.2 (-9.1) FT-A All Share: 1,172.99 (-0.3%)

FT-A long gift yield index high coupon: 9.77 (9.7) New York lunchtime: DJ Ind. Av. 2,763.68 (+9.12) Tokyo: Nikkei 35,382.8 (+16.43) LONDON MONEY 3-mo interbank close: 14登% (14%)

MARKET REPORTS: CURRENCIES, Page 40, BONDS, Pages 25, 26, COMMODITIES, Page 32, EQUITIES, Pages 33 (London), 44 (World)

991<sub>2</sub> yield: 8.163%

Fed Funda 9%

3-mo Treasury Sille: yield: 8.025% Long Bond:

### CONTENTS

South Korea's politicians face testing time in Assembly



Members of Seoul's National Assembly face perhaps the most crucial parliamentary session in the country's recent history. President Roh Tae Woo (left) is determined to push through iand and tax reform. Page 6

Currencies

risons and Crosfield, STC ... Euro-options ...... Financial Futures -Wall Street Inti. Capital Markets 25,26 Technology . Unit Trusts ...

role in debate on poverty in the UK ...

# Bundesbank to raise interest rates in attempt to curb inflation

By David Marsh in Bonn

THE West German Bundesbank will today raise official interest rates to the highest level for seven years after sending a firm signal yes-terday to financial markets of its wish to tighten credit.

The interest rate move. which will boost discount and Lombard rates by either ½ or 1 percentage point from their present levels of 5 and 7 per cent respectively, will be decided above all on domestic counter-inflation grounds.

An increase by a full per-centage point looked increas-ingly likely yesterday after the Bundeshank, in its latest regular round of repurchase lending to banks, pushed up money market rates by around half a percentage point compared with a week ago.

One month interest rates rose to between 7.4 and 7.75 per cent at yesterday's securities repurchase tender, while two months rates increased to Today's official rates increase. the latest in a series of upward steps over the past 15 months since discount rate was at 2.5 per cent in 1987/88, will take the interest structure to the highest since autumn 1982.

By underpinning the D-Mark on the foreign exchanges, the likely tightening action could usher in a round of interest rate increases around Europe. In particular, it could spark a politically painful increase in base rates in the UK.

The interest rate move has been extensively foreshadowed by statements from Mr Karl Otto Pohl, the Bundesbank president, at the International Monetary Fund meeting in Washington last week. It backs up international efforts to restrain the dollar through

heavy intervention last week. Bundesbank concern about possible overheating of the West German economy has been kindled by a range of optimistic news on growth this

year. Gross national product is 219,000 - or 10.5 per cent now forecast to rise by more - over the past 12 months. According to the Federal mance since the 1970s.

A further sign of economic buoyancy came yesterday with news of a further fall in unenployment to below 1.9m in September - the lowest, on a seasonally adjusted basis, for

A total of L88m people were without work last month, down 59,000 compared with August, representing a fall of Labour Office, unemployment fell to 7.3 per cent of the work-force from 7.5 per cent in

The Bundesbank has been at pains to point out that inflation - at present, close to 3 per cent - has been, if anything, less worrisome than expected this year as a result of sluggish energy and commodity prices. However, the Bundesbank's

THE TEMPERATURE of the

month-long pay dispute at Pen-geot, Europe's third largest car

maker, rose again yesterday as a French court gave 400 strik-ers 12 hours to end their 10-day

occupation of the plant at the

heart of the connect.

The forge at Mulhouse, north-eastern France, makes gearbox and engine parts for use in Peugeot's own plant and for export to West Germany. The strikers were given until 430am today to leave or face police eviction.

heart of the conflict.

Strikers ordered to

end Peugeot sit-in

policy-making council at its meeting today also wants to give a clear sign that it will ward off inflationary pressures. The Bundesbank is anxious about the extra stimulus given to the economy by a net DM25bm of tax cuts taking effect in the New Year.

It is also worried about the possibility of inflationary pay settlements resulting from a renegotiation of three year pay agreements in the key metal-workers' sector.

production levels they were

nal to order the strikers to

leave the forge on the grounds that they were illegally invad-ing private property and deny-

ing their non-striking col-leagues the right to work. In its first practical interven-

thing to help a real negotiated solution to prevail," said Mr Jean-Pierre Solsson, Minister of Labour.

Mr Jacques Calvet, Peugeot's

chairman, had offered to open

talks earlier this week, on condition that strikers left the

Mulhouse forge. However, the

strikers voted yesterday by 434 to 286 to continue the occupa-

Meanwhile, a minority of

workers at four Renault plants

chieving at the end of June. Peugeot had asked the tribu-

### Japan-EC microchip agreement hits snag

By Lucy Kellaway

THE CONTROVERSIAL anti-dumping deal on semiconductors agreed in minciple between Japan and the European Community in August has hit a procedural

August has hit a procedural snag.
Several member states, including Ireland, failed to provide the necessary unanimous support for the arrangement at an anti-dumping committee meeting held this week.

Dissenting members have asked for more information on the complex effects of the deal, which they fear could force up the cost of semiconductors unduly and impose an unduly and impose an unacceptably high cost to equipment manufacturers and

The arrangement, which would provide a floor price for

in its first practical interven-tion in the row, the Paris Gov-ernment yesterday announced plans to appoint a conciliator, which was greeted by Peugeot with a refusal to comment: His job would be to "bring together points of view and do every-thing to hely a roel negotical

would provide a floor price for dynamic random access memory chips, has been passed on to the Council of Ministers, where it is likely to be accepted on a qualified majority vote at a meeting later this month.

Eleven chip makers in Japan have already signed the agreement, which would put an end to a long-running dumping war.

It would provide a single price for all manufacturers and would cover the 256k and 1 megabit chips, as well as the new 4 and 16 megabit chips.

The UK had technical objections to the deal which have recently been resolved with the first provision that with the first provision that the terms of the agreement will be reviewed when the US/ Japanese semiconductor accord expires at the end of

phars

ist look

Mestm

D-Ram dumping, Page 25

ously been illegal might simply ensure that perpetrators would take greater care to cover their

The second limiting factor was the problem of proof: a commuter assisted fraud might

leave no visible evidence; the

perpetrator might be thou-

sands of miles from the scene of the crime when it was com-

This meant that potential

victims would have to take care to guard their property and protect their interests.

The cross-border nature of

much computer crime meant that national rules of legal jurisdiction might have to be revised, he said. One solution

would be to provide for the

courts of a particular country to have jurisdiction to try a case if either end of the illicit

activity had been in that coun-

Sheriff Nicholson said.

# Brussels confronts EC members over indirect taxes

By David Buchan in Brussels

THE European Commission yesterday decided on confrontation, rather than concession, in the increasingly tense battle with EC governments over how to levy indirect taxes in a frontier-free Community.

In the face of a plan drawn up by finance ministry officials of the Twelve to stick to their present practice of taking value added tax off exports and reimposing it on imports - even after 1992 - Mrs Christiane Scrivener, the EC tax

"PERESTROIKA has turned

out to be a more difficult and

attenuated process than was expected by the population at the beginning." So writes Mr Oleg Bogomolov, director of the Institute for World Social-

ist Economies of the Academy

cf Science and a close adviser

to President Gorbachev, in his comments on a pamphlet on perestroika published today by

The whole process will take 10-15 years, he argues, "and

The Group of Thirty.

commissioner, horrified many of her Brussels colleagues by proposing that the current system stay until the end of 1995. She was overruled by the rest of the 17-person Commission, who argued that Brussels

should not give any ground on the 1992 deadline for the removal of all intra-EC border checks, including fiscal controls. The Commission decided that Mrs Scrivener should confront EC finance ministers at their meeting next Monday and

will be accompanied by an

acute debate, reflecting con-

flicts between the old and new

the authors, John P Hardt and Sheila N Heslin, respectively

associate director for research

co-ordination and senior research assistant in Soviet

economics at the Congressio-

nal Research Service, that "tangible economic benefits have been minimal". Indeed, in 1988 the situation on the con-

Dr Bogomolov agrees with

modes of action."

asked how they intend to deal with the possibility of increased tax fraud and bureaucratic red tape, which Brussels feels will be the result of the governments' preferred

The new clash does not cen-tre on Brussels' plan to har-monise the Twelve's widely differing VAT and excise rates
- though that is still in strong
contention - but on the Commission proposal for VAT to be levied among states just as it is

sumer market noticeably dete-

Yet Dr Bogomolov is con-vinced the "process of change is progressing, becoming stron-ger". He also perceives the pro-

cess of renewal, described by the authors as "a return to the proper Leminist course", much

more broadly as a process that "erases many demarcation lines between socialism and

capitalism". But authors and

discussant do agree that "Gorb-

achev's course seems to be

riorated."

This would involve levying it at every stage of production across the Community. By this means the Commission aims to do away with the chief fiscal rationale of border controls, which is to check that zerorated exports do not fraudu-lently re-enter the home mar-

The particular objection of all countries, bar West Germany, is to the Commission's

based on a reasonable assess-

ment of the need for change

and a sensible strategy for

implementing perestroika."

Among many obstacles to reform noted by the authors and Dr Rogomolov, the latter

notes that "up to now, unfortu-nately, co-operatives have given an additional impetus to inflation and corruption and enhanced an unearned differ-

entiation in incomes. Under

the pressure of public opinion,

efforts are being made to

remains, as at present, in the coffers of the country of sale. Instead, the report by officials of the Twelve opts to replace controls at borders with con-trols at both the point of export and import

In the eyes of some of her colleagues, Mrs Scrivener runs the risk of proving too flexible to EC governments' demands, just as her predecessor in charge of tax, Lord Cockfield, was accused of being too rigid.

# Perestroika 'likely to extend over 10-15 years'

They are the hard core among the estimated 1,000 to 2,000 workers who have been restrict and, in some cases, even prohibit co-operative activity." The Soviet Union

2,000 workers who have been either on strike or making some form of protest in the month-long dispute, the worst in Peugeot's history.

They have halved the output of the Mulhouse and nearby Sochaux assembly lines, Peugeot's higgest, which together employ 35,000 people. They account for just over 70 per cent of Peugeot's normal French output of 4,300 vehicles activity." The Soviet Union wishes to participate far more fully in the international economy, adds Dr Bogomolov, but finds it difficult to do so.

John P Hardt and Shella N Heslin, Perestroika: a Sustainable Process for Change, with commentary by Oleg Bogomolov, Group of Thirty, 277 Park Avenue, NY, NY, 10172 and 32 St Mary at Hill, London EC3P 3AJ, 315 or E10. French output of 4,300 vehicles a day. That implies Peugeot's French plants are now running at just under 65 per cent of the

across France staged two-hour stoppages yesterday in pursuit of a separate wage claim.

International Bar Association conference

# Nations urged to join ranks in war against computer crime

By Raymond Hughes in Strasbourg

INTERNATIONAL their data banks in countries co-operation was essential to where such laws were at prestackle the growing menace of ent unknown. computer crime, the conference was fold yesterday. Sheriff Gordon Nicholson QC, a coperation may bring about a
Scottish Judge and member of situation where those engaged said such co-operation could confer benefits going far beyond the near control and regulation of trans-border com-

outer-assisted crime. "In an era of expanding international trade and commerce, increasingly conducted by electronic means, it can help to increase security awareness and to prevent the creation, or even the perpetuation, of laws which, by creating 'data havens' or 'computer crime havens', lead to the erection of national barriers restricting the free flow of

protection laws, companies put

A STUDY by the US International Trade Commis-sion of the effect of the Euro-pean Single Market on the US

economy has failed to dispel American fears of a "Fortress

Mr Charles Ervin, head of the USITC, told the conference yesterday that although mar-

yesterday that although mar-ket integration in Europe might be a good idea it was not possible to be sure about the effect on US exports.

The Community as a unit

The Community as a unitation accounted for approximately 24 per cent of US exports. This trade was very important to the US, especially as it had to increase its exports in the long run, he said. Access to the EC

public sector market was vital

to several US industries. Public

sector purchases accounted for sector purchases accounted for 90 per cent of US telecommuni-cations equipment sales and up to a third of sales by computer and office machine manufac-

Overall government procure-ment constituted approxi-

mately 15 per cent of the Com-

munity's gross domestic product, compared with about

The possibility of opening up government procurement to the US, to the General Agree-

ment on Tariffs and Trade, and even to internal competition was "good news". The EC had said repeatedly that this sub-

ject was open to multilateral

negotiation on a reciprocal basis. But it had also added a

local content standard, which was bad news for the US.

Reciprocity provisions relat-

ing to financial services were

also causing some concern, US

companies are worried about whether the adoption and implementation of the single

per cent in the US.

Europe" after 1992.

merce can conduct their business with a reasonable degree of confidence that their computer operations will be eccorded a similar degree of legal recognition and protec tion wherever they are carried on," Sheriff Nicholson

It had to be recognised, he said, that there were limits to the extent to which criminal laws – at least at a purely national level – could be wholly effective. The mere existence of criminal offences was unlikely to have more than a minimal impact on the

information it might also help prevent a situation where, to avoid data

**US** fears linger over

'Fortress Europe'

By Robert Rice, Legal Correspondent, in Strasbourg

incidence of computer as crime. It was even possible that the criminalising of an

market legislation may directly

or indirectly have the effect of restricting existing or future business activity.

The banking and securities industries feared they might be

restricted from offering all the services that the European

credit institutions offered, depending on which definition of "reciprocity" was applied.

the standards applied to more than 300 EC initiatives. Stan-

dards were not generally regarded as trade barriers, but

barriers to trade could be created by the divergence of stan-dards and regulations and the means employed to ensure con-

formity with them. Standards

could be set unreasonably

high, or at a very detailed level.

stances in meat, he said.

There were concerns relating to the expected standards in 13 areas from broadcasting activitles to growth-promoting sub-

EC mergers and acquisitions policy had created fears that

the European Commission

would use anti-trust enforce-

ment as a way to pursue indus-trial policy. For example, when evaluating a merger, it might look not only at what effect the

merger would have on the mar-

ket structure in the form of

market share, price power and

barriers to entry, but also at what role the companies con-

cerned played in local or Euro-

pean employment, regional

Residual quantitative restrictions might also become EC-wide questions and might affect future US manufactured

development and integration.

exports, especially in cars, tex-tiles, clothes and steel, the

very categories prominent to US import concern, he said.

There was also concern over

### **Dual action to** stop 'hacking' proposed

By Raymond Hughes

A DUAL approach to the problem of computer "hacking" was proposed yesterday by a senior lawyer at the Serious Frand Office.

Mr Mark Tantam told the conference that the law, the police and the courts needed to distinguish between amateur hackers who simply accessed computer systems and pe

whose aim was to steal or to damage the system. Mr Tantam was critical of a suggestion by the UK Law Commission, which is due to publish next week its report on computer crime, that sim-ple hacking should be an offence in respect of which the police would not have the power to arrest the offender or

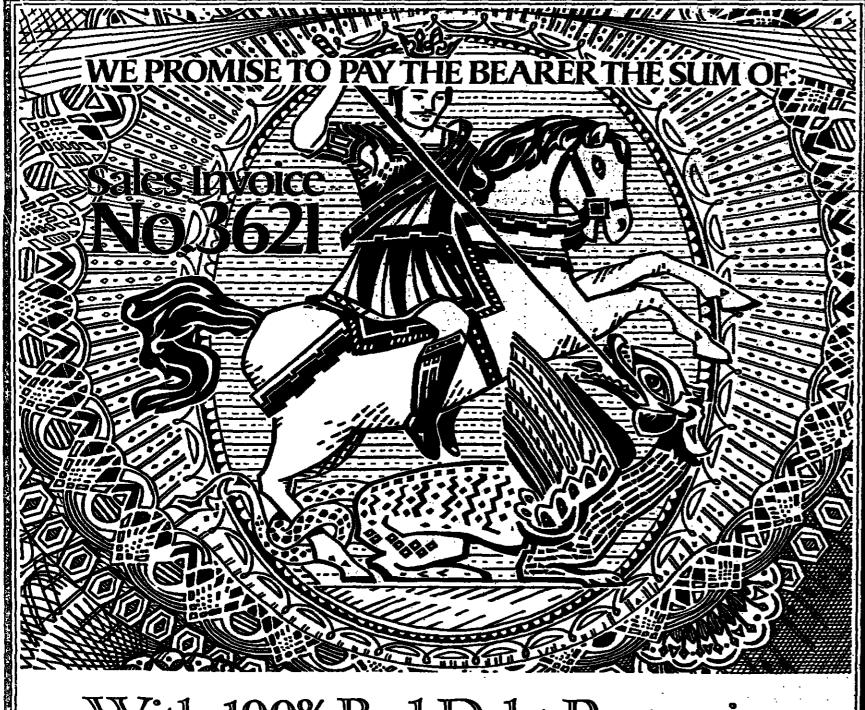
search his premises.

Without those powers, he said, hacking would be almost impossible to prove, short of a confession by the calurit. Countries that already had

computer crime laws seemed to have recognised the need to give the police full investigative powers as well as treating simple hacking as a relatively serious offence. Mr Tantam said that as com-

puters came to dominate the world of commerce, so organi-sations would tend to put all their trust in them - which would make those organisa tions vulnerable to an attack on their new technology. The result of the European

Single Market in 1992 and the advent of the paperless society with the introduction of electronic data interchange could only increase computer crime, he said. That would put increasing pressure on the law nent agencies in all mount an effective response.



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### **EUROPEAN NEWS**

# Fallacy of a Marshall Plan for Eastern Europe

The lack of democracy and market forces in the Soviet bloc makes a re-run of 1948 a non-starter

ITH EVERY day that passes, it gets harder to avoid the feeling that events in the Soviet Union and Eastern Europe may be approaching some sort of crisis.

At this stage, it does not look like a brick-wall kind of crisis, entailing a terminal pile-up. But there is little question that a disturbing number of recent tell-tales, both inside the Soviet Union and in relations between East and West, have been pointing ominously downwards.

Much has been made of the "snub" administered to Mr. Mikhail Gorbachev this week, when the Soviet Parliament scaled back his plan for a 15-month ban on all strikes.

What is more significant, however, is that there is now a ban in key industrial sectors, and that the Gov-ernment has been authorised to use troops to re-open communications in and through Azerbaijan.

This outcome is a dramatic index of the problems facing perestroika, if any doubt remained. No one should be surprised if Moscow were progressively to respond to disturbances and anomie, with historic Soviet (and Russian) reflexes of authoritarian disci-

More spectacular and more telling is the mass exodus of East Germans. But the joy of those who have escaped to the West, needs to be set against the background of an insoluble dilemma for both of the German states, and pressing indications that

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stability of central Europe. The dilemma is insoluble, because East Germany can only staunch the flood by political reform; but reform would remove East Germany's sole raison d'etre. Mr Hans-Dietrich Genscher, the West German Foreign Minister, may have seemed to promise that last weekend's contingent would be the last; but if so, it was not

a promise he could possibly keep. Soviet anxlety is more worrying. In the UN last week, Mr Eduard Shevardnadze, the country's Foreign Minister, delivered a flerce attack on West Germany for making trouble in

The attack was coded in old-fashioned allusions to revanchism and fascism; but the tone was new and disturbing. This week, Pravda came right out and accused Bonn of threatening the stability of central Europe.

To these disturbing blips on the screen, an increasingly common reaction in the West is to argue that we should urgently mobilise a collective plan to sustain the process of eco-nomic and political reform.

nome and pontical renorm.

The model most frequently invoked is the Marshall Plan, by which the United States helped Western Europe recover from the economic destruction of the Second World War.

The problem with the prescription

is that Eastern Europe's circumstances are so different from those of Western Europe in 1948, that a re-run of the Marshall Plan simply could not Moscow regards the issue as a begin to work. Moreover, if peresserious threat to the geostrategic troiks is going seriously wrong, and if

it backfires to produce the danger of instability, benevolence by itself will be an entirely inadequate Western

The implication of progressive failure of perestroiks would not be a neutral absence of reform, but a state of widespread disturbance, which could prove dangerous. If there is an urgent need for the West to muster what help it can, to assist the process of reform where feasible, there is an equally

> IAN DAVIDSON ON EUROPE

urgent need to be politically prepared to face the repercussions of failure

and instability.

In the Marshall Plan, which lasted
45 months from April 1948 to December 1951, the US allocated \$12.4bm to the European Recovery Programme. In 1948, the recipient countries in Western Europe were established democracies, which made it possible to secure popular consent for transi-tional difficulties; they already had economic systems based mainly on market forces; and through multilateral negotiations, they were able to settle between themselves, and treat with the Americans, how the aid should be allocated.

These are not the circumstances of the countries of Eastern Europe today, Most of them have no democratic record, and democracy is not something you invent overnight. The same goes for market forces. But without market forces, Western aid would be wasted once again; and without democracy, the transition from command economy to market forces will be either very bumpy or

Finally, a latter-day Marshall Plan would have to be targeted on one country, like Poland, because the Comecon countries are all at sixes and sevens, thus forfeiting any multi-

These discrepancies are almost bound to ensure that any Western aid package will be much more limited, in

quality as well as in quantity, than the original Marshall Plan.

For one thing, it is already clear that no Western government or even group of governments will consider matching the post-war US effort, which amounted to well over 2 per cent of gross national product in 1948.

During this summer, the US Administration shamefacedly doubled its earlier offer of \$50m in food aid to polynd, and this greek Furnment. Poland; and this week, European Community governments approved \$325m in aid to Poland.

Yet according to former French President Valery Giscard d'Estaing, Poland's needs in urgent food aid alone over the next year will amount to \$1bn or \$1.2bn. But the broader measure of Poland's financial need is its \$40bn debt. This costs \$4bn a year to service, while Lech Walesa has asked for \$10bn over three years.

Moreover, it is hard to see how a conditional Western aid package

could be negotiated, even with a Warsaw Government of goodwill, without plunging into the quagmire of Poland's domestic political dilemmas.

Mr Giscard d'Estaing has proposed the creation of a Euro-Polish bank to help finance essential imports. But the main obstacle to Western aid is systemic. Poland needs a far more profound transformation of its politico-economic system than was ever required under the Marshall Plan; and the West is not well placed to know how far or how fast the Poles can

really be expected to go. Where East Germany is concerned, Western perplexity is even greater, since the feed-back between East and West Germany risks setting up vibrations which could become increasingly perilous.

Moreover, the West is being tugged in contradictory directions: instinct welcomes the exodus and the discom-fiture of the hard-liners in East Berlin, while reason shies away from any threat to the geo-strategic order stabi-lised in the Helsinki Agreement.

There can be no easy way to reconcile these contradictory impulses. By its record and its values, Western Europe exerts a vast existential influ-

But in operative terms, it is not so far proving very impressive in devel-oping either an economic or a political strategy, in the face of the complex rush of events in the Soviet Union and Rastern Europe. But in any event, let us hear no more talk of Marshall Plans.

# Tougher line likely in East Germany

By Leslie Colltt in Berlin

THE East German leadership is likely to revert to a tough, "law and order" regime as a result of the refugee crisis, according to a prominent East German Protestant church

Mr Manfred Stolpe, the church's most senior lay official, said the party apparatus was leaning "very strongly" toward increased internal repression instead of reforms.

"Pragmatic policies with short-term results" would continue to prevail as long as Mr Erich Honecker, East Ger-many's 77-year-old leader,

remained in power.

Mr Honecker took the decision to let thousands of East Germans in the West German embassy in Prague out to the West this week. At the same time the politburo clamped down on the main escape route by ending visa-free travel to Czechoslovakia.

"It might be that Honecker will only remain in power for a few more weeks," Mr Stolpe aid. The East German leader had a gall bladder operation in August and in his first speech afterwards appeared frail.

Mr Stolpe, who has frequent contacts with the leadership, said he feared that if Mr Ronecker stepped down, the politburo would not choose a reform-minded successor. Instead, his successor would probably adopt a hardline policy of "making the Wall higher" and intimidating opposition groups as well as

the population at large. The outcome of repression would not be a revolution or mass strikes but instead a "growing desire" for reunification. Eventually, Mr Stolpe predicted, a period of tough rule would be followed by reforms. They would have to begin with an open dialogue in

order to establish trust. The church was one of the losers in the mass exodus of citizens to the West, he noted. It had been unable to explain to people that they had a responsibility for others and that everyone who fled left

behind a gap.

Most of the young people
wast new who left came from vast new housing estates in the major

But Mr Stolpe suggested that the authorities could tap a reservoir of affection for the East German Heimat (native

country).
"I just came from a church charity meeting in a small fown near West Germany and of the 500 people attending no-one wanted to leave," he

# Refugees face up to the harsh realities

By David Goodhart in Bonn

AFTER THE thrill of vaulting into the West, thousands of East Germans - mostly young and in some cases alone have to face the difficulty of starting a new life in a half-foreign country.

Very few East German refugees over the past 20 years have regretted becoming West Germans, but few have found it a painless transition: access to West German TV pro-grammes had not taught them much about their new home.

Except for dissenting voices in the Federal Labour Office, the West German economic establishment expects the latest newcomers to have few problems finding jobs - partly because there are shortages of skilled workers. It is believed they will act as a useful long-term economic stimulus Social workers and social scientists are not so sanguine

about their integration. Volker Ronge and Kristina Pratsch - who followed 30 East German families who arrived in the Wuppertal area in 1984 – found that they picked up jobs more easily

the refugees were usually whim and are relatively unpre-ambitious and energetic and attracted the envy or relatively unpreattracted the envy or irritation of compatriots by saving and working so hard. Spending pri-orities were foreign holidays and new cars and so they spent little in pubs or restaurants, where they might have met more people. They missed the intensity of personal relations in East Germany and found it. hard to adapt to a culture where work and friendship are more divided. They often found West Germans at work cold

The Wuppertal group were partly protected from loneliness by bringing their families with them. Many nonetheless felt the wrench of cutting themselves off from their social network in East Ger-

According to Kristina Pratsch, women feel this wrench more than men. Women also face a more difficult time in the job market and unlike most men do not find jobs at an equivalent qualification level. This may be one reason for a disproportionate number of marriage break-ups amonest refugees.

The current wave of younger refugees may have slightly dif-ferent problems, according to Kristina Pratsch. Their youth, and in many cases lack of family ties, should make social integration easier. The current excitement

about refugees may have made them, at least temporarily, more popular among West Ger-mans. A poll published yesterday said 51 per cent of West Germans positively welcome them, with 18 per cent hostile and 31 per cent undecided.

However, many of the curpared. By contrast the Wupper-tal group, who all applied legally, had to wait five years, during which they suffered discrimination, making eventual

escape more attractive.

The new refugees' lack of ties may make loneliness a bigger problem, especially if their new compatriots forget the emotional TV pictures and think of the East Germans as competitors for flats and jobs - especially in West Berlin, where many newcomers are likely to settle.

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### West looks more closely at investment in Poland

By Peter Montagnon, World Trade Editor

WESTERN INTEREST in investing in Poland has grown noticeablysince the liberalisa-tion of its foreign investment law in January this year, Mr Zdzislaw Skakui, president of the country's Foreign Investment Agency, said in London yesterday. He said he had granted 500

individual investment authorisations, about half of them from West Germany, in the first nine months of this year. This compared with 52 joint venture registrations in the previous two and a half years. However, the volume of

investment inflow that could be expected from the new registrations remained relatively modest at \$110m or an average of only \$220,000 for each venture, he said. The companies concerned were also bringing

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in loan capital amounting to a further \$180m. The more liberal foreign

investment rules introduced by Poland at the start of the year allow, among other things for, 100 per cent foreign ownership of new ventures in Poland and preferential tax treatment, but potential foreign investors have said they remain concerned about access to raw materials and their ability to remit any profits earned by their venture.

Mr Skakuj, who was in London to drum up flagging UK interest in Polish investment, said additional investment opportunities would be created as Poland proceeded with its already announced plans to privatise state enterprises.

The Government would adopt a liberal approach to foreign investment which would be allowed even in sectors some countries reserve for

their own nationals. However, one area where the new Solidarity-led Government was still cautious was in permitting the use of debt-equity swaps to finance direct invest ment. Mr Skaknj said Poland was not rigidly opposed to such swaps, but it was con-cerned about the expansionary effect on the money supply of a large-scale swap programme at

a time of high inflation. The Government also wanted to avoid permitting private sector swaps which would raise the discount on its foreign debt and spoil its own potential profits from any debt buy-back programme it might

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MERCEDES-BENZ TOURING GUARANTEE

# proposal goes to the Senate floor

have a tie and a play-off on the

Senate floor".
The issue, which has become

of great political importance

between and within the par-

ties, will not be fully resolved until the Senate and House

versions are reconciled in a

joint conference later this

Mr Bentsen maintained that his proposal for a 50 per cent tax deduction on contributions

to individual retirement

accounts up to \$2,000 annually, and penalty-free withdrawals

for purchases of a first home and spending on higher educa-

tion, were fairer to a broad

group of middle-class Ameri-

cans than lower capital gains taxes that favoured wealthy

Among the revenue proposals in the package agreed by the committee are:

Making permanent the 3 per

cent excise tax on long-distance telephone calls,

due to expire at the end of this

· Repealing a planned reduc-

Preventing companies that have made leveraged buyouts

from getting federal tax refunds resulting from losses caused by interest payments

on debt issued to finance the

• Curting junk, or high-interest, bonds by ending tax benefits for securities such as zero-

coupon bonds that postpone cash interest payments.

Speeding the collection of

payroll taxes from large com-

Restricting the ability of

property developers to escape

taxes by swapping one piece of property for another instead of selling for cash.

Imposing a tax on ezone-de-

pleting chemicals such as

those used in air conditioners

and in Styrofoam.

tion in airport excise taxes.

By Peter Riddell, US Editor, in Washington

THE future of the proposed cut in US capital gains tax will now be decided on the floor of the Senate after its finance committee decided early yesterday morning, on the casting vote of its chairman, to reject any reduction.

Instead, the committee agreed a package of minor revenue changes to raise a total of \$5.4bn in the fiscal year which started last weekend. In addition, the senators backed a Democratic plan to extended tax concessions on savings via individual retirement accounts and to rein back the cost of Medicare by \$3.6bn through limiting payments to doctors.

**Senator Bentsen** maintained that his proposals were fairer to middle class Americans

The House of Representatives last week approved a temporary cut in capital gains tax until the end of 1991 from the current top range of 28-33 per cent to a maximum of 19.6 per

However, after consultation with the administration, Senate Republicans proposed a permanent change with a slid-ing scale for taxing profits, starting at 26.6 per cent and falling to 19.6 per cent after six

This proposal, coupled with a limited concession on indi-vidual retirement accounts, attracted the support of one Democrat, so there was a tied 10-10 vote broken by Senator Lloyd Bentsen, the Democratic

Senator Bob Dole, the Republican minority leader, immediately promised "we're going to

Capital gains cut | Caribbean grows weary of bitter economic medicine

> Reorienting small, stricken economies through drastic measures can have a high political cost. In the first of a four-part series, Canute James looks at the search for alternatives

SEVERAL Caribbean countries, hit by weak markets for their commodity exports, have been forced to take sometimes drastic measures to stabilise their economies. But for many, the medi-cine has been bitter and the corrective measures have carried a political cost for some

There is in the region a debate over the best ways to adjust the structure of weak economies, and over whether there is any viable alternative to the current structural adjustment formula. Adjust-ment programmes, based on credit agreements with the International Monetary Fund, have been implemented in Jamaica, Trinidad and Tobago and Guyana, all among the region's more troubled econo-

In all three, however, the governments have had to con-tend with widespread public disaffection with the austerity measures and other changes in policies which are intended to deal with lop-sided economies. It is widely held that the defeat of Jamaica's conservative Labour Party in last February's election had much to do with the social cost of the structural adjustment programme implemented by Mr Edward Seaga, the former

prime minister. The popularity of Mr A N R Robinson, the Prime Minister of Trinidad and Tobago, has fallen since the start of the country's structural adjustment programme, while the government in Guyana has had to weather strikes in key economic sectors immediately after announcing details of its

The changes were implemented when it was clear that economies could not continue on their narrow bases, where trouble for one sector threatened collapse of the

Weak demand for bauxite in the early 1980s, combined with increased oil prices, unravelled Jamaica's economy. It was the subsequent fall in oil prices which damaged Trinidad and Tobago's petroleum-based economy, while Guyana, whose economy is also based on commodities, found it difficult to pull itself out of almost a

payments delicits widered, and they could not expand exports

because they were not competi-

Currency devaluations to increase competitiveness dampened consumption of imports, which became more expensive. In these small, open economies which have to import, prices rose, increasing the unpopularity of the mea-

The adjustment programmes also attempted to deal with imbalances in the fiscal accounts by bringing govern-ment spending in line with rev-

Targets set for the reduction of the fiscal deficit – usually to single digits as a percentage



structural adjustment

of gross domestic product involve cuts in government spending in economies in which the government is a

major employer.

The attempt to trim public expenditure has seen the sacking of government employees and the ending of budgetary support for state enterprises which are offered for divestment. There has also been --particularly in Jamaica - less money spent on social services such as public health and edu-cation, while the cost of pri-

vate services has increased.

All these changes are programmed in periods agreed with the IMF, and this is one aspect, regional leaders argue, which has made structural adjustment painful for the region's economies. Mr Seaga has repeatedly claimed that structural adjustment can work, but that the programme has to be extended beyond three years, perhaps to seven years. This, he suggested, would give a country enough time to address imbalances in the country and then to address imbalances in the country and then to address. decade of stagnation.

The countries faced increas the economy and then to deal, ing problems in financing their with restructuring the social

But the inevitable dislocation caused by the structural adjustment programmes, and the political cost suffered by some governments, has fuelled thoughts about possible alter-natives for the small embattled

"There are no alternatives to

structural adjustment for countries in this part of the world," says Mr Delroy Lindsay, executive director of the Private Sector Organisation of Jamaica. One can reduce consumption to match production. This involves reducing imports, which in turn reduces the standard of living. Or one can try to stimulate economic production to match consumption, while using financial measures to make consumption expen-

One alternative could be continued and increased foreign borrowing, but this clearly, carries the danger of growing difficulty in servicing the debt while foreign earnings are falling. In the case of Guyana this difficulty lead to an accumulation of experts which led madtion of arrears which led creditors to refuse new money until the structural adjustment pro-gramme was implemented. We are faced with an econ-

omy in disequilibrium," said Mr Carl Greenidge, Guyana's Finance Minister, when asked about possible alternatives "We need to increase domestic output and foreign earnings. There is no alternative."

Yet economists in the region say there are ways of making structural adjustment less paintal while achieving the objectives. They point to the currency devaluations in Jamaica and Guyana, both of 70 per cent. But Jamaica's was spread over three years while Guyana's was overnight.

"Caribbean governments have been making efforts to become more competitive and have been undertaking struc-tural adjustment programmes with that objective, among oth-ers, in mind," said Mr Neville Nicholis, president of the Caribbean Development of spring There is evidence of serious efforts towards the improve ment of economic, monetary and fiscal management. A review of national budgets reveals many measures dedicated to encouraging invest-ments and promoting efficient use of resources."

Mr Nicholls argued that exchange rates have to be real-istic and "chronic accumula-tion of deficits has to be current or capital account, or both."

### Colombian judges back extradition procedure

By Sarita Kendali in Bogota

COLOMBIA's Supreme Court judges have approved the extradition procedure intro-duced by the Government in its anti-drug package on

August 18.
The court has also-ratified most other measures for fight-ing traffickers, but ruled that the confiscation of properties without due legal process was unconstitutional.

It is not clear whether the

authorities will have to give back ranches, offices and houses taken over in the last seven weeks. Ordinary court procedure, with the burden on the state to prove trafficking connections, must now be fol-

A debate on whether the Supreme Court ruling is retro-active has already added to the legal confusion. The Govern-ment may issue a new emergency decree to get round the confiscation problem.

The Supreme Court's deci-

sion on extradition is a sur-prise to many, and could cause an escalation in the bombing campaign.

campaign.
Two "extraditables" are currently being held in Bogota –
Ana Helena Rodriguez, who
will probably be sent to the US for trial in the next few days, and Evaristo Porras, the most important figure captured so

### Dominican Republic general strike call

Sporadic street protests against an increase in petrol prices continued in the Dominican Republic yesterday, with some political parties and trade mions calling for a general sirile. Canute James reports from Aingston.

The projects follow a government announcement at the weekend of a 67 per cent provides in graphic prices. The

increase in gasoline prices. The government said the new prices were due to higher pro-

### Peru seeks IMF payment cut

Peru has asked the Interna-Peru has asked the Interna-tional Monetary Fund to reduce the size of a token pay-ment it seeks from the country as a first step to patching up-rulations strained by arrears.

Economy Minister Cesar Vasquez Bazan said the IMF had sought a token payment from Peru of special drawing rights equivalent to \$37m. He said the cabinet would consider an IMF proposal to send a technical mission to Peru later this mouth.

### Gorbachev message for Ortega

Soviet Foreign Minister Eduard Shevardnadze was to meet Nicaraguan President Daniel Ortega yesterday, but an official report said they would not discuss Soviet aid to the leftist government, AP reports from Managua. Mr Shevardnadze arrived on

Tuesday for the 24-hour visit, saying he brought a message for Mr Ortega from President Mikhail Gorhachev and the

Soviet leadership. He did not immediately dis-close its contents, but he is expected to discuss Nicara-gua's general elections, set for February 25.

# Canada plans to slash rail network by more than half

By Our Foreign Staff

plans to cut the size of the country's passenger-rail netter, said yesterday.
The long-awaited cuts will

involve a 38 per cent reduction in the workforce of Via Rail Canada, the governmentowned company which operates the passenger rail system, Mr Bouchard said. Via was formed from the

passenger transport sections of Canadian Pacific and Canadian National, the country's two main rail networks.

Mr Bouchard said the government intends to cut its sub-

sidy to Via in half, saving Canadian taxpayers C\$1bn (£529.8m) over the next five years. The cuts will take effect

from January 15.
Fares are to be increased to
"market levels," Mr Bouchard said. The workforce reduction will total 2,761. The restruc-

THE Canadian government 1988 passenger totals, or about

The federal government said work by 51 per cent, Mr Benoît it was prepared to turn over to Bouchard, the Transport Minis- a provincial government or others the operation of a rail passenger service. This applies to the current network of services as well as the new net-

Before the announcement, there had been considerable speculation that one of the netspeculation that one of the het-works more popular tourist services — from Calgary via Banff to Vancouver across the Rocy Mountains — would be privatised, or given over to provincial operation. Another service, the Tran-scanada, which links Montreal with Vancouver and runs serves nearly the headth of

across nearly the breadth of Canada, now seems certain to be closed. Passenger rail ser-vices to be discontinued include several in the Maritime provinces, Quebec and Ontario. In 1988, federal expenditures tured network is expected to for Via's rail passenger ser-carry at least 60 per cent of vices totaled C\$641m.

### US considers tough line on Pretoria sanctions

By Peter Riddell, US Editor in Washington

Both in its aunual report on South Africa and in evidence to Congress, the Bush Admin-istration has adopted a tougher line against Pretoria than was taken during the Reagan era.
This in part reflects the desireof Mr James Baker, the Secretary of State, to agree a bipartisan approach, avoiding earlier confrontations.

Mr Herman Cohen, the assis-Mr Herman Cohen, the assis-tant accretary for African Affairs, has this week told the Senate Foreign Relations Com-mittee that, while he opposes further sanctions now, sanc-tions have played a role in stimulating new thinking within the white power struc-

offine the wants of the statement of the out a negotiated political settlement that results in political equality for all South Afri-

The State Department report, required under the 1986 sanctions legislation, in effect argues for the de Klerk Government to be given time to prove itself. It says that, "further executions are not needed." ther sanctions are not needed at this time and would be counterproductive in view of steps being taken within South Africa and the region to bring about change by peaceful

Mr Cohen said the administration was committed to the effective enforcement of existing sanctions "in the hope and expectation that positive signs of a commitment to change will appear in the near future. For the first time in years it is possible to be somewhat hope-ful that a negotiation scenario may be just beyond the hori-

However, Mr Cohen com-bined this plea for a deferral of consideration of new sanctions with a statement that Washington was looking for definite

THE BUSH Administration is seeking to put off Congressional pressure for additional sanctions against South Africa, though warning that these may have to be reconsidered next summer unless the Pretoria Government takes specific steps to dismantle apartheid, such as releasing of an early signs of an easing of apartheid, such as releasing political prisoners, ending the exclusion of blacks from political prisoners. site for normal political life in South Africa."

He warned that if after the next South African parliamen-tary session; beginning in Feb-ruary and ending next June, "there is very little to show for it," then the Administration would consult with Congress and its European allies and Japan about what further sees

sures might be appropriate.

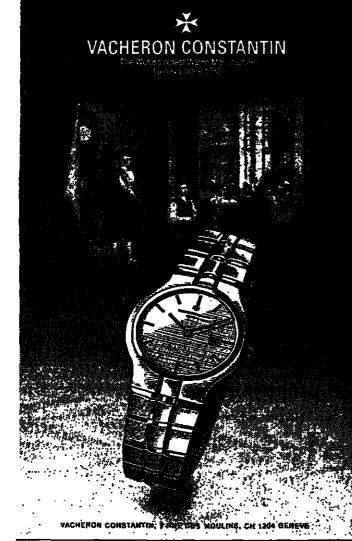
Mr Cohen's remarks represent a significant shift of tone from those of the Reagan Administration and were welcomed by Senator Paul Simon the Democratic chairman of the Foreign Relations sub-committee on Africa. I cannot

sive sanctions accused the Administration of falling to show leadership on the issue, He and other Democrats are

unwilling to give the de Klerk Government time. It is still uncertain whether a bipartisan approach, as over Central America, can be agreed, but at the least any confrontation between the Administration and Congress over sanctions is unlikely until

next year.
In his evidence, hir Cohen
expressed scepticism about calls for pressure to be applied by the US over the resche ing of South Africa's foreign debts. He noted that all but \$700m of the \$2.5bn owed to US banks has already been converted to medium-term loans which South Africa does not have to start repaying until

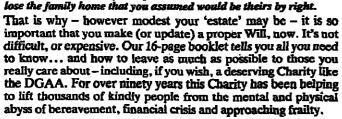
In addition, Mr Cohen claimed that the South African central hank was virtually "dictating" repayment terms to US banks. "I find it difficult to see how political leverage can be exercised through this perticular mechanism.



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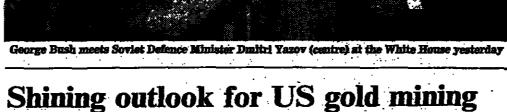
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GOLD OUTPUT from the United States is projected to rise sharply in coming years and will enable the mining industry to export about 85m grams (three million ounces) of the precious metal annually by 1992, a major trade association said yesterday, Reuter reports from Washington. Billions of dollars in earn-ings expected from these proj-ected exports are expected to

help slash a massive, rising US trade deficit, the Washington-

based Gold Institute said in a

new survey.

The institute represents North American and Australian gold miners, refiners, fabricators and wholesalers.

The gold business is boom-

ing and the balance of trade impact stemming from increased production is dra-matic," said Mr John Lutley, the institute's managing direc-

Gold production in the United States, the second-largest producer in the non-communist world, should rise to 267m grams (9.48m ounces) next year from 243.5m grams (8.59m conces) this year and up to 286m grams (10.10m conces) in 1992, the institute

A hig increase in output is expected to result from six billion dollars worth of invest-ment in gold exploration and mining begun in 1982, Mr Lutley added.

Until 1980, Washington imported about 82 per cent of the gold used by domestic manufacturers.

### WORLD PULP AND PAPER

The Financial Times proposes to publish a Survey on the above on

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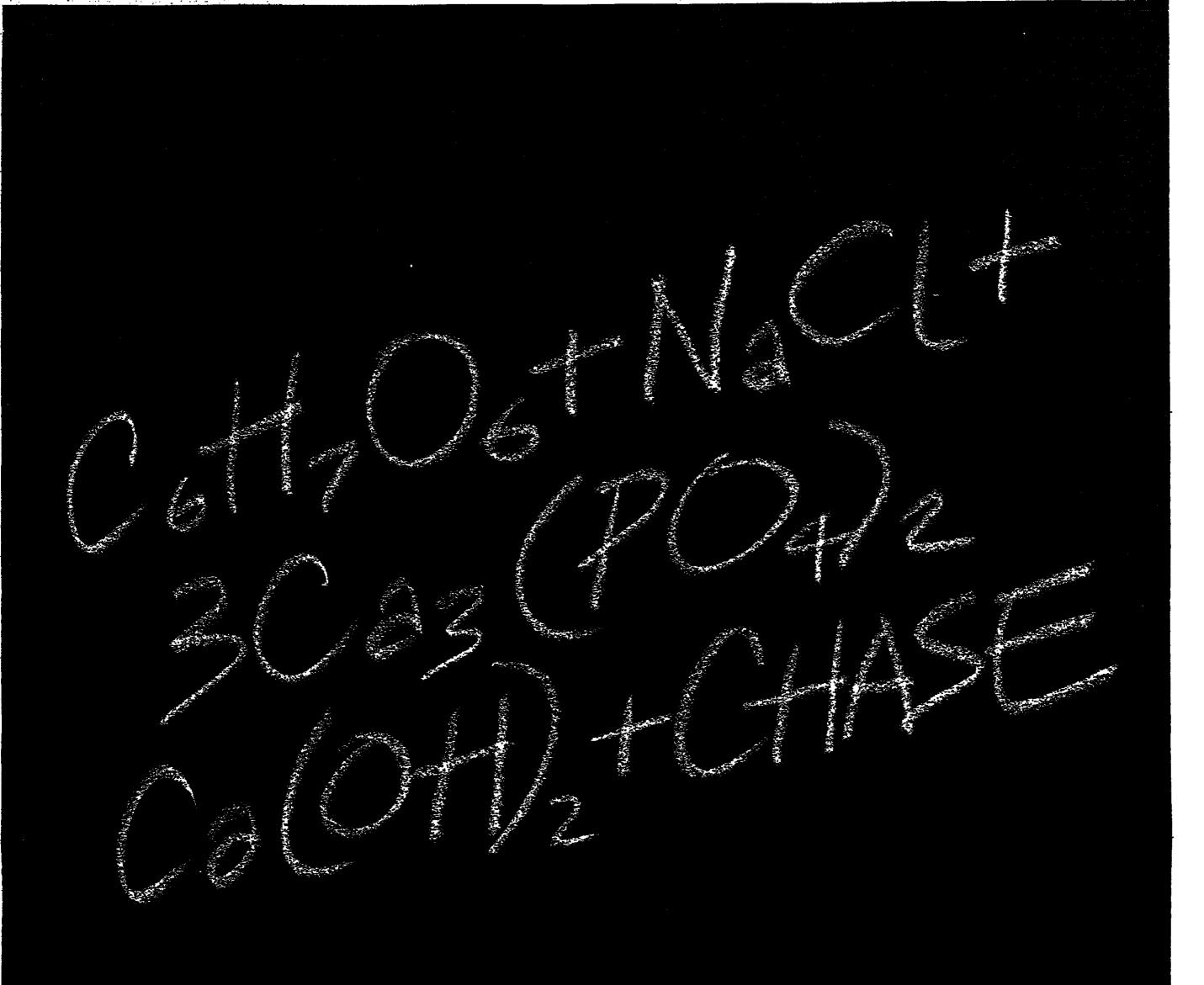
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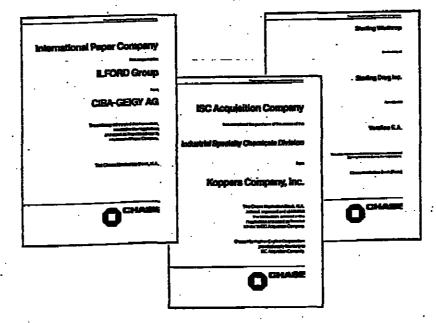
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### **OVERSEAS NEWS**

# Pakistan rejects Kabul charges on Geneva Accords

By Michael Littlejohns, UN Correspondent

PAKISTAN yesterday rejected the Kabul Government's charges of Pakistani violations of the Geneva Accords on Afghanistan calling them false propaganda that had been backed by military pressure through missile

attacks and sabotage.

Mrs Nusrat Bhutto, mother
of the Prime Minister, Mrs of the Prime Minister, Mrs
Benazir Bhutto and senior
minister in her Cabinet, told
the UN General Assembly that
Pakistan would not be
intimidated but would remain
steadfast in seeking a
comprehensive political
settlement of the Afghanistan

problem.
"The Kabul regime has been rejected by the Afghan people and is sustained within a few strongholds through massive infusions of foreign arms," she

She accused "the discredited Kabul regime" of having refused to transfer power eacefully and of hoodwinking

its own people and the world in a desperate bid for survival. As she spoke, foreign ministers of the Islamic Conference were meeting in New York to endorse a draft resolution initiated by Pakistan and formulated by a co-ordinating group of Islamic states. The proposal was for submission to the General Assembly when it takes up the Afghanistan question towards the end of October.

The draft was discussed over the weekend in a two hour meeting between the Soviet Foreign Minister, Mr Eduard Shevardnadze, and his

Pakistani counterpart, Mr Sahabzada Yaqub-Khan, who said later he hoped the resolution would be adopted without dissent.

Islamic Conference sources said last night they believed further negotiations with the Soviet side might be necessary. Details of the draft were not disclosed pending consultations, but Mrs Nusrat Bhutto hinted at what it might

She told the Assembly Pakistan was confident members would reiterate their members would reiterate their call for a comprehensive settlement including the establishment of a broad-based government in Kabul, voluntary return of Afghan rafugees – 3.5m of whom are in Pakistan – and a free exercise of the right to self-determination.

The General Assembly is due to take up the Afghanistan question some time next month and the reported Soviet-Pakistani agreement on a draft resolution, details of which were not disclosed by either side, appeared to ensure a large majority for it - and

perhaps a consensus. Mr Yaqub-khan himself spoke of a 'consensus resolution' when he told a reporter that he hoped to make an announcement about it

In the meantime, he said, the Soviet Union and Pakistan would report the results of their talks to the UN Secretary General, Mr Xavier Peres de Cuellar.

# Peking and HK clash over repatriation case

By John Elliott in Hong Kong-

yesterday warned that its future co-operation with Hong Kong had been "marred" because the British colony had allowed a Chinese swimmer to fly to the US on Tuesday night instead of repatriating him

This is the latest of a series of clashes between Peking and Hong Kong since the June crisis in China. It illustrates the sensitive relations between the two at a time when Peking is closely watching events in Hong Kong which reverts to Chinese sovreignty in 1997. The swimmer, Mr Yang Yang, had been in Hong Kong as a legitimate visitor since March. According to local officials he had no known links

with the Peking students movement. His visa expired in August. He appealed for asylum and was then held in detention for 10 days for overstaying the visa limit. He was offered refuge by

Taiwan, which is planning to give resident permits to between 60 and 100 Chinese student activists believed to be in hiding in Hong Kong. The Hong Kong authorities

decided that world opinion would not allow it to send Yang back to China. But it did not want to enrage Peking unnecessarily by sending him

Chinese government to Taiwan, which Peking regards as a breakaway prov-ince of China. Sending him to the US was regarded by the Hong Kong government as a

reasonable compromise.

The Chinese authorities felt snubbed because they issued a statement last week saying people such as Yang would not be liable to prosecution if repa-triated. Yesterday's statement was an unusually swift reac-tion for the Chinese authori-

Unusually it was issued by the local office of the Xinhua ews Agency, which acts as a de facto embassy in the colony. It said the Hong Kong govern-ment had set a "bad precedent" which would "adversely affect the normal contacts" and would "cast its shadow" over co-operation.

 A row which illustrates pre-1997 tensions in Hong Kong broke out yesterday over a police raid on the colony's two levision stations on Tuesday night. Video recordings were seized of clashes last Friday between anti-China demonstrators and police outside a China National Day reception given by the Xinhua News Agency. The tapes were later returned. It was not known if the police decision to stage the raid had been authorised by the govern-

Indian car maker shaken by confident workforce David Housego on how Telco's previously tranquil industrial relations have broken down

HE STORY of how Telco, India's largest vehicle manufacturer and part of the Tata empire, with an almost unbroken record of good industrial relations, has been plunged into the worst labour conflict in its history, tells a lot about the changing face of industrial

relations in India.

In a continuingly tense situation in Pune, Mr Rajan Nair, the charismatic young union leader at the heart of the conflict, was freed from custody on hall yesterday but denied entry to Pune. Telco management fear that at a meeting of workers outside the town today he will intensify the bat-

tle against the company.

Mr Nair's key demands are that he be recognised as the leader of the main union and that suspension notices be withdrawn against 135 employ-

Most of the 3,000 workers arrested last week in the wake of a 10-day hunger strike were also offered bail yesterday on promises of good behaviour. At the giant Telco plant on the outskirts of Pune, the management said 2,250 production workers had turned up for

work - marginally higher than on Tuesday and equiva-lent to about a quarter of the assembly-line labour force.

Telco is the biggest indus-trial group on the west coast of India and the outcome of the confrontation will affect industrial relations in other plants in the region. Bajaj Auto, India's largest motor-scooter group, is now negotiating a three-year agreement with its The Telco management accepts that it has made mis-

takes in its handling of labour

issues. Like many of the big

companies in the region, its attitude towards labour has been benevolently authoritarian. It bought industrial peace by setting up a house union – the Telco Kamgar Sanghathana (TKS) that Mr Nair has now taken over - and switching union militants to different jobs at the first sign of trouble. Mr Nair, articulate, coura-geous, bearded and with sharp, penetrating eyes, first won popularity in the 1970s by standing up to management. By winning concessions over

could pay. Another union leader in Bombay, Dr Datta Samant, also working outside the main union movement, has blazed a similar trail.

centre of Pune - thus taking an industrial dispute out of the factory and on to the street that has angered other indus-

Telco has been slow to adjust its labour practices to a workforce that is more confident because better off. The Telco plants at Pune were built these elements add up to a siton green-field sites 25 years ustion comparable to the vio-ago and recruited migrant lent battle in the Japanese car

Company officials speak in awe of the speed at which Mr Nair stamped his influence on the shop-floor

These days, 80 per cent of the workers own their own house and most have colour television and fridges. They are more demanding and less pli-ant. Mr Nair has shown that his tactics can deliver.

Mr Nair has had over 20 charges lodged against him,

including murder, though he has never been convicted.

Telco dismissed him last year after alleging that he threatened to murder a secu-rity guard. It is his decision to organise a hunger strike in the

industry during its accelerating growth in the 1950s. "We are going through that phase,"

The serious stoppages at Telco's two Pune plants, which employ 13,000 people in all, began in May. Mr Nair had taken control of the union in 1987 after winning 34 of the 42 seats on the executive commitseats on the selected working president in July last year, begins already been suspended having already been suspended from the company. In February this year, the company backed the setting up of a new house

union, which Mr Nair had no trouble in branding as a crea-

ture of the management.

Company officials speak in awe of the speed at which Mr Nair stamped his influence on the shop-floor. Even from outside the plant, he established a system of communication that enabled his orders to be known through the factory and carried out within an hour. The workforce were forced to carry coloured badges which denoted their position in the union. Mr Nair began to halt direct communication between manage-ment and workers, thus mak-ing the union the only

intermediary.

The crunch came on Septem The crunch came on september 19 when the management signed a pay agreement with the new union. Mr. Nair responded to this challenge by calling for an indefinite hunger strike in a main square in Pune. At the height, 5,000 workers participated.

workers participated.
The government had attempted mediation in an effort to keep the plant open. But when this failed and it looked as though the Mahaima Gandhi-style protest could end in deaths which would be blamed on the company or the

authorities, the police moved in and arrested the hunger strikers, including Mr Nair.
The tactic now is to keep up the pressure on Mr Nair and

his militants in the hope of marginalising them. Pune is a conservative town in which he already appears to have lost some support. Telco also hopes its labour force will increasingly return to work, tempted by a pay offer with arrears of Rs7,000 (£255). But it knows the

going will be tough.

Industry in the area has been caught off balance by the violence of the conflict. Unions in India, as elsewhere, have been losing strength and recent big strikes in the tex-tiles industry and at Hindustan Lever all failed. In fact, as managements faced with more competition become more aggressive, more days have been recently lost in lock ons than in strikes.

The lesson Telco's manage-

ment is drawing is that when the dust subsides they must encourage more worker-participation on Japanese lines and a more active information policy on company affairs. Within other companies, the hierarchi-cal system still predominates

### **Israelis** cautious on peace talks

By Hugh Carnegy in Jerusalem

ISRAEL'S inner cabinet is today likely to delay its reac-tion to Egyptian proposals for Israeli-Palestinian peace talks, despite pressure from the US to reach a decision. The proposals have divided the main coalition partners. President Hosni Mubarak's

President Hosni Muberak's suggestion that Israeli and Palestinian delegations meet in Cairo to discuss elections to end the 21-month Palestinian uprising in the occupied territories has the backing of Washington and the Israeli Labour Party.

But the Likud party, led by Mr Yitzhak Shamir, the Prime Minister, has balked at the idea, seeing it as a concession to the Palestine Liberation Organisation. Labour is reluc-

Organisation. Labour is reluctant to break up the govern-ment over the issue at present. The two parties are thus expected to allow themselves more time to work on a compromise - perhaps involving further talks with Egypt onthe make-up of any Palestinian delegation - although the delay could choke off the

chance of a breakthrough. Reuter adds from Cairo: Egypt, backed by the PLO, has pat forward the names of 12 Palestinians to sit at the negotiating table in a proposed first meeting between Palestinians and Israelis, Palestin-

ians said yesterday.

They said Mr Mohammed Milhem, former mayor of the West Bank town of Halhoul, and Mr Akram Haziyeh, editor of Ashaab newspaper, pub-lished in East Jerusalem, were the two non-resident Palestin-

Mr Mubarak carried the names with him to Washington when he met President George Bush and Secretary of State James Baker this week,



Yassir Arafat, the PLO chairman, being welcomed to Peking by President Yang Shangkun with a review of troops yesterday

# Israeli taxman called in to fight intifada

By Hugh Carnegy in Belt Sahour

WHEN Jamal Banura welcomed visitors to his home in the West Bank town of Beit Sahour yesterday he apologised for having to seat them on mattresses arranged neatly on his living room floor. In the middle of the previous

morning the Israeli tax man had arrived in mid-morning with a truck and three jeep-loads of soldiers to cart off his sofas and chairs, tables, a tele-vision and a cabinet in lieu of unpaid income tax. Mr Banura, whose family of

six and five employees earn their living from his workshop making wooden souvenirs for the tourists in nearby Bethlehem and Jerusalem, is now expecting another raid because of unpaid VAT. In common with the majority of Beit Sahour's mainly Christian residents, he has refused to pay

paign that has suddenly thrust the town to the forefront of the 21-month-old. Palestinian unrising, or intifada, in the West Bank and Gaza Strip. Over the last two weeks, the

Israeli authorities have responded to Beit Sahour's civil disobedience – the towns-peoples' slogan is "no taxation under occupation" – by launching a systematic operation of property confiscation, accompanied by prolonged cur-fews, which has brought alle-gations of brutality and depri-vation from Palestinian leaders

The Beit Sahour campaign marks a significant development in the intifada. The is by the town's middle-class - but traditionally militant - inhabitants on civil disobedience presents a very

his taxes, as part of a cam- different challenge to the Israelis from the staple uprising protest of stone-throwing, petrol bombs and rioting.
Some Palestinian leaders looking for ways of extending

the uprising, without taking the drastic step of resorting to arms, consider civil disobedience the main option. So far, the people of Beit Sahour show little sign of backing down, despite the confiscation of property from 60 homes, workshops, businesses and stores estimated in value at around half a million dollars OF Inore.

Mr Michel Salsa, a 61-yearold carpentry workshop owner, 10 days ago had five woodworking machines, a paint compressor, two cars and an electric organ, worth a total of \$15,000, confiscated from his business and home. But, like

Mr Banura, he says he has no intention of paying up. "We in Beit Sahour have decided that even if they confiscate every thing - even our houses - we will not give in."

Feelings over the issue among Palestinians are exacerhated by what they see as arbitrary and unreasonably high tax demands from the authorities, by the lack of services they receive in return and by what they allege is the illegality of Israeli taxation in the territories. The authorities respond that they are simply enforcing the law.

But essentially the Palestinians regard the issue as much more fundamental than that The tax boycott, says Mr Salsa is an inseparable part of the intifada. The Israeli aim is not really to collect taxes, but to break the back of the intifada."

approved by the South Korean Unification Ministry. If the North Koreans accept the invi-

tation, it will be the first reli-

gious visit between the two

### 100 die in Natal rival political fighting

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About 100 people have died in clashes between rival black political groups in Natal since peace talks between the two sides broke down 10 days ago, Patti Waldmeir writes from

Johanniesburg.
Officials, representing the
Congress of South African
Trade Unions (Cosata) said Trade Unions (Cosata) said yesterday they feared a serious increase in violence, which has already led to the deaths of some 2,500 blacks.

Supporters of Cosata and the banned United Democratic

banned United Benocratic Front have been clashing with supporters of Inkaths, the political organisation headed by Zulu Chief Mangosuthu Buthelezi, for over two years. Cosatu officials said that the level of violence had increased, with pitched battles between armed men in townships near Durhan, following Chief Buthe.

lezi's decision to suspend talks

10 days ago.

Delhi biast kills 5 A powerful bomb exploded in a congested shopping dis-trict of the capital Wednesday, killing at least five people and injuring 13, AP reports from New Delhi.

Police said that the blast rocked the Sadar Bazaar in northern New Delhi and was apparently due to a land fend between two families. Four of the victims belonged

to the family of Abdul Razak, the 65-year-old operator of a scooter stand who owns the land. His wife, sister and two granddaughters, ages 4 and 8, died in the blast.

### Cambodian guerrillas claim town capture

Cambodian guerrillas claimed to have captured another key town Wednesday in the fifth day of their offensive against government froops AP reports from the That her-

Gen. Dien Del, acting commander of the Kinner People's National Liberation Front, said his troops had captured Kandoul after two days of asseults and were still pressing against Svay Chiek.
The two towns were smor

the objectives the KPNLF cited last Saturday when they announced a "general offen-sive" against the pro-Victorianese government in Phnom Penh

Dien Del also claimed the KPNLF, along with its allies in the rebel coalition, had taken two government positions in the Ampil District of Oddar

Meanchey Province.
The non-Communist KPNLF is loosely allied with the more powerful Communist Khmer Rouge and a group loyal to the coalition leader Prince Noro-

dom Sihanouk.

### Ugandan mandate

Ugandan President Yoweri Museveni has proposed extending the mandate of his provisional government for a further five years, Reuter reports from Kampala.

Museveni's National Resistance Movement (NRM), which fought its way to power in January 1986 after a five-year civil war, originally gave itself four

But the government did not appoint a commission to draft a new constitution until last February, and it has been apparent for some time that the NRM would be unable to meet its original January 1990 target date for return to civilian rule.

# Pope will find Catholic Church working to break down Korean barriers

By Maggle Ford in Seoul

THE VISIT of Pope John Paul II to South Korea, home to the second largest Christian popu-lation in Asia, could hardly come at a better time for both the church and the country. Not only will the Polish Pope find South Korea in a state of democratic change not unlike that of his homeland. but he will also find his church engaged in helping Korea achieve its other great

goal - a breakdown in the barriers between the two halves of the peninsula.
It will be the Pope's second trip to South Korea. In the five years since his previous visit, he will find his flock has grown from 1.5m to 2.5m Catholics. Christians now make up 29 per cent of the population of 41m. He will also find that the church has at last made a

breakthrough in improving relations with communist North Korea. The first two Christian churches opened in Pyongyang last year. He may even be able to meet delegates from the North who have been invited to the World Eucharistic Congress, the occasion of his visit to Seoul.

South Korea, just as it has been in Poland. Mr Kim Dae Jung, the main opposition leader, is a Catholic and Seoul's main cathedral has often provided sanctuary for dissidents and students perse-cuted under military regimes. But since the democratic demonstrations in 1987, when South Korea's Catholic the government gave in to Church has long been a supporter of democratic change in and other freedoms, the

church has devoted more effort to promoting better relations with the communist been able to prevent some of North, estranged from the ended in 1953.

South since the Korean war Senior bishops and Stephen, Cardinal Kim Sou Hwan, have adouted a cautious apuroac which has not always satisfied the desires of other church

members for Speedier move-ment towards reunification of

its members from making independent visits, it has dis-approved of their actions, preferring to go through govern-ment channels. Last month these more cautious efforts bore fruit, when an official request to invite 20 North Korean Catholics to

sides for nearly 40 years. Mr Lee Hong Koo, the Uniffi-cation Minister, said the church's request was precisely the kind of approach the gov-ernment wanted to encourage so as to build relations with

# Clouds gather as Seoul's politicians face difficult session

Maggie Ford reports on growing resistance to the institutions of democracy among those who wield power in S Korea OUTH of the Han River, which to the National Assembly, and that • The revision of anti-democratic actions, to enable the introduction of be taken about the future, and for Other members may aim to revise divides Seoul as the Thames a fair tax system, including capital

does London, a new building dominates the skyline. Twice the size of the country's parliament and in a prominent position atop a hill, the building can be seen for miles Decorated with the floral symbol

of the Seoul Prosecutor General, the skyscraper symbolises the new confidence of the investigative arm of the South Korean judiciary. For several months this confidence has found new shape as police and security investigators cracked down on what was seen as an outburst of extrem-

Many of the victims were South Korea's politicians, now involved in the autumn session of the National Assembly. More than 21 of them are under investigation, one is in jail and the leader of the Opposition has been indicted for breaking the draconian national security law.

The assemblymen face perhaps the most crucial parliamentary session in the country's recent history. Fundamental decisions will have to

many the task will be undertaken under a considerable cloud.

Mr Kim Dae Jung, the Opposition leader, is one of the politicians charged with wrongdoing in the last few months. He is alleged to have failed to inform the authorities about the plans of another MP to visit Communist North Korea. The other MP is in jail. Mr Kim strongly denied the charge during grueiling interrogation by the security police, but it has tarnished his image.

Prosecutors claim the others have committed offences ranging from influence-peddling over agricultural legislation to taking bribes and smoking marijuana. All the Opposition parties have protested against what they see as a politically motivated attack on their members. During the Assembly session, the

MPs will be battling over three major areas: The introduction of a revolutionary tax and land reform programme which will fundamentally alter the country's internal economic structure.

laws, including the National Secu-rity law, which derive from the old days of authoritarian rule. Reaching a settlement on two

outstanding issues from the past: how to deal with the misdeeds of former President Chun Doo Hwan, now in internal exile, and his friends, and the treatment of the military massacre in the city of Kwangiu in which at least 1,000 were killed in 1980.

The Government of President Roh Tae Woo has found itself at loggerheads with the ruling Democratic Justice Party, which Mr Roh leads, over the land and tax reform Bill But because the three combined Opposition parties have a majority in the Assembly, the legislation may be approved.

The Bill will introduce tax penal-

ties on companies and affluent peo-

ple who speculate in land, along

with a new domestic rating system

hased on the market value of prop-erty. The bill will also pave the way

for an end to the use of false names

in property and stock market trans-

gains tax and an end to tax evasion. The draft Bill has received overwhelming support from the public and the two main Opposition parties. But it has shocked the ruling party, many of whose supporters will be penalised by the Bill.

President Roh believes, however, that if social instability is to be avoided in South Korea the mean must be passed to stop the wealth gap from widening. The Bill is already being subjected to a back room revision campaign and the President and the Opposition, following public opinion, are expected to push for radical change.

he revision of anti-democratic laws is likely to be a priority for the main Opposition party, Mr Kim Dae Jung's Party for Peace and Democracy. The Seoul prosecutor's office has indicated that it plans to try to tighten the National Security law, signalling a flerce battle with those it in a gradualist approach. Any efforts to drop it completely will be strongly resisted by conservatives who see it as protection against

Communism.

The Assemblymen may also consider changes to the law governing education and labour. A bitter teachers' dispute has broken out over the right to form a union, presently ban-ned, which has resulted in many demonstrations and the dismissal of more than a thousand teachers. Many of the labour laws applying to other workers are also antiquated and seen as unfair.

The most intractable problem over the last two years of democratisation in South Korea has been what to do about the previous regime. In November last year former President Chun Doo Hwan apologised for his wrongdoing, returned a substantial sum of money to the state and retired to a remote Buddhist monas-

But Opposition parties say this is not enough. They are demanding that he testifies, perhaps in private

at least two of his followers are removed from their present posi-

One ruling party assemblyman, Mr Chung Ho Yong, a former gen-eral who is held responsible for the Kwangju massacre, has adamantly refused to resign and several attempts by Mr Roh and the Opposition leaders to reach a settlement have failed.

The Opposition has demanded that the matter be dealt with by the end of the year, threatening to run a campaign to oust Mr Roh if he does not succeed. Their anger has been heightened

by the recent behaviour of the police and prosecutors, dubbed "security After years of authoritarianism resistance by the powerful to the institutions of democracy is not surprising. But South Koreans are famous for their "can-do spirit," exemplified by the success of the Seoul Olympics one year ago.

Step by difficult step, they are making progress towards their goal.

years to return the country to civilian rule under a new constitution.

### **WORLD TRADE NEWS**

# World Bank may cushion effect of farm trade reform

By William Duilforce in Geneva

International Monetary Fund foods. may provide extra financial support to developing countries confronted with higher food import bills as a result of an agreement to reform world farm trade in the

This possibility has emerged from talks between Mr Arthur Dunkel, Director-General of the General Agreement on Tariffs and Trade, Mr Barber Conable, President of the World Bank, and Mr Michel Camdessus, IMF Managing Director.

Mr Dunkel was commissioned by trade ministers last December at their mid-term review of the Uruguay Round to explore ways of achieving greater coherence in global economic policy making through a strengthening of Gatt's links with the Bank and the Fund. He will submit his initial report to the Gatt Council next

Reform of agricultural trade. embodying a progressive reduction in government subsidies, is one of the key issues on which the success of Gatt's trade-liberalising Urugusy Round depends. Cuts in subsidies could cause increases in market prices for

food-importing. developing countries, some of them highly indebted, worry about the effect on their balance of payments, if subsidised farm produce is no longer available. Thus, Third World backing for farm trade worm backing for farm trade reform can be enhanced by guarantees of contingency funding to offset rises in their food import bills.

The World Bank in particular has indicated readiness to provide financial removes and for this purpose and

support for this purpose and also for developing countries undertaking significant reductions in their import tariffs in the Round. The IMF already has special facilities to compensate countries for high

grain import costs.

Temporary World Bank and
IMF funding for countries
which agree to liberalise their trade but are worried about the immediate impact on their payments balance is only one of several projects on which Mr Dunkel will report. Debtor countries opening up

their trade regimes under World Bank or IMF structural adjustment programmes may be able to obtain "negotiating credit" for their reforms in

THE WORLD BANK and the cereals, meat and other Gatt. They could use this credit to win market-opening concessions from their trading

> Under Gatt rules their reforms would have to be "bound", i.e. carry guarantees that they will not be withdrawn. The three agencies are to step up their contacts at working level, to ensure that World Bank and IMF staff understand Gatt requirements.

> The Bank and the Fund have also agreed to consider how to introduce consultation with Gatt on trade policy issues into their procedures for working out adjustment programmes for the countries to which they lend.

This is a more controversial measure, as developing countries argue that it would step up pressure on them to liberalise trade without applying similar pressure to the industrialised nations.

However, by launching Gatt's country-by-country trade policy review mechanism in December - with the US as the first country to be examined - trade ministers have reinforced the case for this type of co-operation between Gatt, the IMF and the World Bank.

K.K.Sharma reports on efforts to ensure that Indian business keeps pace with 1992

has its eyes fixed on Europe. "We've got to get a foothold in Europe and then work like hell. Otherwise, there is no survival", says Mr Saurin Chatterjee, resident director of M.N. Dastur and Company. Mr Chatterjee's company has its international headquarters

in Dusseldorf and from this West German base it has won a number of prestigious engineering contracts all over the world. Dasturco, as the company is known, has successfully engineered over 130 industrial projects globally with a total capital investment of about \$24bn.

of about \$2400.

Its experience is invaluable for Indian companies now being encouraged to launch enterprises in Europe as part of the strategy to deal with the Community's integration in 1992. A presence in Europe is considered essential by several official and private groups official and private groups which have studied business prospects in Europe in the

coming years.
India's Finance Ministry is said to be favourably examining a proposal to allow companies to draw from the country's scarce foreign exchange resources to make this possible. The need for such Indian investments in Europe, the reverse of what

NE of India's largest has happened so far, is consulting engineers considered necessary to retain and expand India's market share after the Community's integration.

The Community is India's largest export market and the Indians want to correct quickly the substantial adverse trade balance. More than 25 per cent of India's exports go to Europe. Since these constitute a mere 0.33 per cent of the Community's imports, there is community's imports, there is clearly scope for expansion. Since traditional agro-based exports have limited potential and ready-made garments have virtually reached their peak because of quotas, the sector considered most promising is engineering goods.

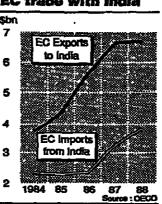
engineering goods.
At present, these form just 5 per cent of India's exports to the EC. Officials plotting the strategy to meet the challenges of the integrated Community feel that Indian companies are best suited to take on "dirty" industrial projects which, for environmental control reasons, European companies prefer to

The second target is the production of various engineering components which are expensive to make in Europe because of high labour costs. Indian companies have the expertise to make these relatively cheaply and many have already made such exports. Prominent among

GLOBAL INTEGRATION THROUGH OVERSEAS INVESTMENT

EC trade with India EC Exports

India strives for a foothold in Europe



these are Larsen and Toubr Secals India, Sivananda Steel and Mukund Iron and Steel. The items seen to be potentially profitable are steel castings, forgings, industrial fasteners and the like mostly products in the intermediate range. Other engineering products considered promising are hand tools, bicycles, machine tools, pump compressors, diesel

engines and the like. Sales of these in Europe would enable India to increase industrial exports and diversify trade. Companies like Bharat Forge and those belonging to the Tata group have already

planning links with European made companies for this purpose modifi Some Indian companies like Escorts and Telco are making antomobile components for European manufacturers and

officials would like to see this kind of activity expanded as part of the strategy to win subcontracts and arrange snitable buyback A related example is the takeover of sectors that either

European or other companies are intending to vacate. Suzuki Motors of Japan, for instance, is considering allowing its Indian partner, the government-owned Maruti Udyog, to tap the European market on its own for small cars if the recent initial export of 800cc cars to France proves

This is part of the move to find European groups with a wide marketing network which are considering abandoning some uneconomic areas of production and would be willing to accept Indian goods to sell them under their brand names. Indians recognise this would involve considerable improvement in quality control and compliance with European standards. Standards are already being tightened in India to increase exports and the approach of 1992 could Maruti Udyog, for instance,

modifications improvements to cars exported to France which are not required for the less sophisticated Indian market. Indian exporters are increasingly being encouraged to conform to international and, particularly, European standards and tastes. Officials also expect Indian companies to break into the

services sector because of cheap labour costs, although they recognise that they face competition from countries in the Community whose workers may be willing to accept lower wages. India also hopes to do well in the area of consumer electronics and computer software since these are labour intensive and need cheap trained manpower, of which the country has an abundance. India is gearing up in several ways to meet the needs of Europe in 1992, including organisational changes which will not only affect Indian embassies but also prompt more trade fairs and exhibitions. The influential Confederation of Engineering Industry, for instance, is to make its London office the base for its European operations. In co-operation with the Government, 10 leading exporters are to be selected to focus their efforts on an integrated Europe.

**ADVERTISEMENT** 

### Brittan tells | CoCom to Japanese to end cartels

By Robert Thomson in Tokyo

ECHOING the newly popularised trade themes of Japan's structural problems and the plight of the Japanese consumer, Sir Leon Brittan, vice-president of the European Commission, yesterday urged Japanese business leaders to abanden cartels, which he suggested were "common-

Sir Leon said the root of the problems with Japan's distri-bution system was the "kei-retsu", the large corporate groups that secure their busigroups that secure their must nesses with strategic cross-holdings. The impact of these groups on trade is high on the agenda of the recently issueched US Japan Structural impediments Initiative (SII)

He also condemned barriers to parallel imports, products imported by companies outside the normal distribution channel and often sold at a discount. On Tuesday, officers of Japan's Fair Trade Commission raided the offices of Apple Computer Japan and Canon Sales as part of an investigation into alleged attempts by the two companies to stop parallel imports of Apple

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Sir Leon told the Keidahren, ese employers' federation: "My message to you would be, despite protests from official importers and their suppliers, do nothing to restrict this parallel trade, unless, of course the goods are counterfeited, or there are safety or other special reasons why the goods should be restricted to the official distri-

He suggested that the Fair Trade Commission, the country's anti-monopoly body, be given more political and industrial backing to "start sinking its teeth into some of the restrictive practices which clog mese distribution system". The result of action against those practices would be a "far better deal to the Jap-

anese public". US trade negotiators at the SH talks have virtually described themselves as repre-sentatives of Japanese consumers in their efforts to convince the government that basic economic policy changes need to be made. Reflecting the growing US concern with structural problems, the European Com-mission has just notified the Japanese government that structural issues will be raised at Japan-EC talks to be held

By lan Davidson in Paris

EFFORTS to streamline Western restrictions on high-technology experts to Commu-nist countries are being reviewed in Paris this week, at a meeting of senior officials from the 17 countries belong-ing to the Co-ordinating Com-mittee on Multilateral Export

mittee on Multilateral Export Controls (CoCom).

This week's meeting, part of a process to update the list of restricted exports launched by CoCom governments in January 1988, is intended to report progress to a high-level meeting provisionally scheduled to be held on October 25 and 28.

The two main aims of the The two main aims of the review are to simplify the lists of products whose expert to communist countries is hen-ned, but at the same time to strengthen the mechanisms of enforcement. The review is CoCom countries should treat the problem of non-member countries, which may be used as transit ports for onward despatch to Communist countries, or may even be ma terers of sensitive industrial

A fourth issue under consideration is how to facilitate trade in sensitive technology between Cocom members, a question which is of particular interest to the members of the

European Community.
Officials are also expected to debate the position of China. In 1985, when China was in the throes of economic liberalisation, CoCom explicitly relaxed restrictions on export assumptions behind that relax-ation have been called into question by the government-ordered massacre in Tlananmen Square in June of this year, but this week's meeting is unlikely to reverse the

to consider updating the restriction on exports of machine tools to the Commu-

partnership with Williams international of the US made its market debut yesterday when it was chosen by Cessna Aircraft to power its new twin-engined business jet, the Citation, writes Paul Betts, Aerospace Correspondent.

# **EC** rulings prompted Intel's Irish move

By Louise Kehoe in San Francisco

THE announcement by Intel semiconductor components in Corporation of plans to set up in Ireland a manufacturing centre - which may eventually include a world class semicon-ductor fabrication plant marks a change of course for

the US chip maker.
For years, intel had prevaricated over European manufacturing. But the approach of 1992 persuaded the company that it should seriously consider establishing a semiconductor "assembly and test"

operation in Europe. Intel says that it has been forced to change its plans by pressure from European customers, who feel obliged to find European sources for their

conductor chips.

The new EC rules state that semiconductor chips must be diffused" within the European Community if they are to be labelled "made in Europe". Diffusion is one of the most delicate and expensive processes in making semiconductor

manufacturing process - as-

looser rules applicable to

The meeting is also expected nist countries, with West Germany pressing for liberalisa-tion. No change of substance is likely to be taken this week.

### Cessna picks R-R

the light of recent rulings by the European Commission on the "rules of origin" for semi-

Previously the country origin for semiconductor chips, was determined by the location of the plant in which the devices underwent the final

# update restrictions

The smallest civil jet engine developed by Rolls-Royce in

Toray's corporate philosophy is summarised by the phrase "contributing to society through innovative ideas, technologies and products." In this we have six basic principles -- promote safety in plants and maintain the neighbouring environment, place customers first, stay competitive in terms of quality and cost, be fair in treating fellow employees, enhance the cohesiveness within the Toray Group, and above all, act ethically.

So, from the start we are will-

Positioned for

the Future

From its roots as a synthetic fibre manufacturer, Toray has diversified substantially into new areas. It now ranks, for example, as the leading carbon fibre maker worldwide. President Katsunosuke Maeda outlines the group's activities.

By Brian Robins



Mr. Katsunosuke Maeda, President, Toray Industries, Inc.

Robins: Toray recently bought one of the oldest UK textilers, Samuel Courtauld, which is a unit of Courtaulds PLC. What is the

interest in this company? Maeda: We acquired Samuel Courtauld in March in order to establish a good position in Europe. Also, we feel that with the market integration of Europe from 1992, this will provide new opportunities

for expansion. One of the key points of interest in this company is that it is one of the leading suppliers to the big Marks and Spencer retailing chain and also to other major customers

in Europe. Clearly, Europeans want a better product at a better price, and we are aiming to achieve that by integrating the UK's traditionally outstanding technology and advanced Japanese technology.

Robins: What management approach do you intend to adopt for this new subsidiary?

Maeda: Samuel Courtauld was renamed Toray Textiles Europe and the employees have now become those of the Toray Group. Clearly, the senior management of this company were concerned, initially, over our plans for the company and for its employees. But now we have succeeded in achieving mutual understanding and Toray Textiles Europe employees seem to be quite satisfied with becoming members of the Toray Group.

Contributing to Society through Creating Value

ing to support, in any way, production in the UK. As part of this, we have already sent a team of technical experts to give manufacturing

Adopting improved technolo-

gy from Japan, we want this sub- ism, and others as providing the opsidiary to grow quickly into a portunity of an expanded market. large and successful company.

Robins: Recently Toray has also lifted its presence in France. Maeda: We took a large position in SOFICAR (Société des Fibres de Carbone). This venture was losing money and there was a strong request from the French side for Toray to increase its inter-

The main reasons are to rationalise its operations, put the company into the right shape and establish a firm foothold in the European carbon fibre market.

### Carbon Fibre Output Lift in Europe

Since March this year, SOFI-CAR has achieved full production and, just recently, its senior management requested that its capacity be increased. So we are now planning a capacity expansion for the production of high performance fibres, since this company is

now trading profitably. In the ACM (advanced composite materials) field, CFRP is expected to grow substantially as structural material for aircraft in

My future plan is to further strengthen operations at SOFI-CAR so that it can play an important role in our globalisation strategy and would be the strongest carbon fibre manufacturer in Europe.

Robins: How does your decision toward these two companies fit your European strategy?

Maeda: There are various concerns as to what will happen in Europe post-1992 - some see it as the start of a round of protection-

In any event, with these two acquisitions, plus our ALCAN-TARA synthetic suede operation in Italy, we are well positioned in

At Toray we are involved in many other areas such as highperformance plastic films, engineering plastics, functional polymer materials, medical equipment, pharmaceuticals, fine chemicals and so on, but in Europe, for the time being, we are focussing on these two principle business areas.

Robins: Of course Europe comprises only a modest part of your global activities. What is the

underlying strategy? Maeda: I think that there are three ways of dividing it. First, to find new businesses, second to expand existing businesses and, third. to fully utilise our management resources abroad. We at Toray see globalisation as a policy of man-

aging our resources. Overseas, there are three principle elements. One is to establish strong points of production, where we can lower production costs while producing quality goods. This underlies our extensive opera-

tions in Southeast Asia. The second is Toray in the USA, where we produce products close to the final market. There, for example, a new facility for the production of polyester film is now under construction.

And last, as in the case of SOFICAR and Toray Textiles Europe, we acquire the existing manufacturing business including local employees and strengthen the company by utilising our technology.

Robins: The company has experienced a strong revival of earnings recently. What is the grow. Toray, until 25 years ago, was

profit outlook?

Maeda: Sales for this fiscal year ended March 31, 1990 are tarseted at ¥850 billion, with income before special credits and charges of ¥68 billion and net income of ¥38 billion. These are our targets, and we are trying to achieve them. In each sector, this represents a further modest improvement over

Robins: How do you forecast the future of fibre and textile

last year's record performance.

Maeda: In the domestic market, more emphasis is put on higher-value-added products, while the production of unprofitable

commodities is reduced. On the other hand in the NIEs and ASEAN nations, production of commodity products has expanded remarkably.

### Textile Industry Poised for Growth

In industrialised countries, the demand for consumption of fibres and textiles has reached maturity, but in developing countries, it is still growing. For example per capita consumption of textiles in China and Brazil is only four to five kilogrammes. In Japan it is 20 kg and in the USA and Europe 27/28 kg. So, clearly, the growth potential for textile consumption in other countries is enormous, and I am sure that there is long term growth potential in this industry worldwide.

Robins: What is the common theme underlying your diversifica-

tion strategy? Maeda: Diversification is very necessary to stabilise management. Without diversification, we cannot

100 per cent reliant on synthetic fibres - we were founded on this business, which is mainly based on organic and polymer chemistry. So the key to our successful diversification is these common technologies; they have been fused and combined to carry us into a range of new industry sectors including

aircraft production in both Europe and the USA. In the medical area, Toray invented natural interferon- $\beta$ which is effective against tumours, and it became the world's first interferon approved for commercial

the supplying of carbon fibres for

production. Recently, Toray started marketing consumer goods such as "TORAYSEE" -- an innovative eveglass cleaning cloth constructed of ultra-fine fibres, which became a big hit product in Japan. This "TORAYSEE" will soon be mar-

keted in Europe. Robins: And with the group's R&D programme, what are the

main points of emphasis? Maeda: Broadly speaking, high technology and soft technology, both with long term business

The R&D activities in high technology are split into several areas; advanced composite materials, health care products, electronics, and fine chemicals based on biotechnology, where we are investing heavily at the moment.

service businesses as supporting R&D activities and supplying computer software. Toray will promote R&D activities that will protect the environment, save energy and

Soft technology includes such

resources, and make a better living for mankind. Robins: How would you

describe your management style?

Maeda: As you know, there is one highly valued style of Japanese management which is called aggressive, and which involves sometimes a charismatic president. But I think that the president should work hard to develop a corporate culture creatively. I prefer that employees feel pleased when they retire, that they have worked hard to create something positive. If I can achieve this, then I think that I have been successful as president

# **TORAY**

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### Opposition Labour Party reveals leaked privatisation prospectus

# Water sale 'at consumers' expense'

By Michael Cassell, Political Correspondent

BRITAIN'S privatised water companies will be given wide additional scope to raise charges, according to a draft of the industry's flotation prospectus leaked to the opposition Labour Party. The party at once claimed that "catch-all" provisions

higher prices. meant water prices would rise "for the slightest reason." Mr John Cunningham, the party's environment spokesnan, said the arrangements handed unprecedented powers

the expense of consumers.

Mr Cunningham said the projected figures in the document, which show some water companies expecting up to threefold increases in profits over the next 10 years, reveal that the industry expects to pay out about 25 kbn in dividends over the next decade. He stressed that, together with interest on the companies' borrowings, consumers faced a bill

to private water monopolies at

of £7bn. The prospectus, setting out the conditions governing the activities of water and sewer-age utilities after they are sold off in December, specifies the changes in circumstances under which they can apply to raise prices beyond those per-mitted under the Government's formula for regularly fixing

The draft identifies changes in UK legislation, new European Community laws and alterations to regulations and grants as among the grounds for asking the director general of water services, who is responsible for the economic regulation of the industry, for

The document, which includes a warning to potential investors that the UK faces EC legal proceedings over drink-ing water standards, also says that water companies may seek price changes in any cir-cumstances which could not have been avoided by "prudent nanagement action." Mr. Cunningham claimed

that the qualifying conditions attached to applications for additional price rises had driven an avenue "as wide as the Channel tunnel" through the privatisation legislation. He said the projected cash flows for the water companies showed there would have to be significant, extra price rises if they were to achieve required levels of returns. He warned that water consumers would pay very heavily for the "manic desire" of the Government to ensure a political success for the privatisation.

Mr Cunningham acknowledged that the sale of the water companies was likely to arrangements ensure that privatisation will be a success. I have no doubt that people will find it attractive".

Labour analysts at the Brighton party conference suggested that that the draft prospectus showed the industry sell-off would raise £7.2bn, excluding the proceeds of the sale of South West Water, one of the 10 water companies, the figures for which are not included in the leaked draft. They also said dividends in the first year would range from 2.6 per cent to over 11 per cent. Dividends from all water com-panies in the first decade

would average 6.5 per cent. Mr Chris Patten, the Envi-ronment Secretary, said yester-day that Labour had not made any new disclosures. The abil-ity of water companies to apply to raise prices had been public knowledge for months. He added: "It is not surprising if we want to raise quality they will have some need to finance

Richard Evans adds: The draft confirms the view that water industry leaders secured big concessions from the Government in the final, fraught negotiations over charging policy for the next 10 years. The industry was deter-

prove successful, describing it mined to press for high as a give away. He added: "The charges to help pay for the £18bn of capital expenditure needed to bring water quality and the industry's assets up to standard. Ministers were equally determined to keep the K factor - the amount charges can rise above the retail prices index - as low as possible for political reasons.

The draft prospectus confirms that the new water pub-lic limited companies will be allowed to lift charges well above the K figure, which averages about 5 per cent, by the so-called "cost pass through" arrangements which will take account of additional costs from EC regulations, the introduction of metering and essen-tial costs that cannot at pres-

ent be quantified. The Government's financial and marketing advisers were philosophical about the leak, saying that its disclosure would not affect the success of the flotation.

Key facts on the flotation. such as the share price and whether 100 per cent or 51 per cent of the industry is to be sold off, will not be known until next month. The price will be revealed on November 22, final prospectuses published on November 29, and the

### Labour backs new employment law plan

By John Gapper, Labour Correspondent

THE LABOUR Party yesterday committed itself to a new framework on employment law extending the right of workers to take industrial action and probably involving a system of specialist labour law tribunals.

The party's conference in Brighton rejected a call from Mr Arthur Scargil, president of the National Union of Mine-workers, for industrial action with or without ballots and a return to mass picketing.

However, Mr Michael
Meacher, Labour employment
spokesman, emphasised that some secondary action would be allowed and some employ-ers might be forced to recog-nise unions by a tribunal which could investigate recog-

The conference decision was further boost for the leadership's attempt to swing the party behind its policy review. However, it leaves unresolved details of how the new employ-

ment framework would work.

A motion calling for the complete removal of restrictions on rights to picket and strike was rejected by 3.8m

# Minister reverses new town decision in policy shake-up

By Andrew Taylor, Construction Correspondent

MR Chris Patten, Environment Secretary, yesterday proposed making radical changes to Government planning policies affecting rural and urban

housebuilding.
Mr Patten, who has been given the task of improving the Government's image on green issues rejected plans to build a new country town in north

This reversed the decision of the previous Environment Sec-retary, Mr Nicholas Ridley, who said in July that he was "minded" to approve develop-ment of the town, Foxley Wood, near Fleet.

Consortium Developments, a group of 10 househuilders which proposed the settlement last night attacked Mr Patten's decision as a fudge which had been rushed out to win cheers at next week's Conservative. party conference.

Conservative party members have been deeply critical of the Government's handling of planning issues and for its failure to restrain development in south-east England. Mr Patten said that the Gov-

ernment proposed to withdraw planning guidelines which since the early 1980s had advised local authority plan-

ners to presume in favour of housing development. He said local councils would be expected to take greater

responsibility for deciding where houses should be built. He had been influenced by Hampshire County Council's statement that it was considering housing plans for the whole county. It would have been wrong to pre-empt this local decision-making by allow-ing the Foxley Wood scheme to proceed.

Mr Patten stressed that he was only "minded" to dismiss the Foxley Wood plans adopting the terms used by Mr Ridley. Officials, however, said it was highly unlikely this decision would be reversed. Developers have been given three weeks to submit reasons why their plans should not be

Lord Northfield chairman of Consortium Developments said: "Hampshire needs to pro-vide an extra 22,600 homes in the 1990s. Foxley Wood is not going to go away. A new settle-ment will still be needed." Mr Patten's decision how-

ever was warmly welcomed by environmentalists and resi dents and councillors in north-east Hampshire.

### Council 'faces tough future'

By Robert Mauthner, Diplomatic Correspondent

THE British Council, the principal agency for develop-ing Britain's cultural relations around the world, faces a difficult financial future despite a substantial increase in its earnings and efficiency

Sir Richard Francis, the council's director-general, presenting his organisation's annual report for 1988-89, said yesterday that last year saw a record demand for the coun-

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cil's services. An increasing number of countries wanted more British culture, educational services, technical skills and business knowhow.

The council's total programme, at just under £250m, increased by more than 8 per cent, a growth of 3 per cent in real terms. Total earnings reached E66m, of which E44m was in the form of revenue. mostly in foreign exchange, a rise of 15 per cent.

Those results, with effi-ciency gains of LS per cent in staff and running costs which were better than the general government target of 1.5 per cent — had not been sufficient to bridge the short-fall in funding. Activities in Western Europe

and other key areas have had to be reduced to close the gap. The Government's announcement last November of an increase of £6m in the Government's grant for 1989-90 has therefore been welcomed by the council. The increase was a reward for the council's successful

efforts to develop its revenue-earning activities and to become less dependent on the government grant.

The extra funds, the first increase in real terms for 13 years, will be spent largely on priority regions such as Western Europe, Eastern Europe, the Soviet Union and the Pacific Rim.

We regard the new money as a gesture of confidence in the work of the British Council and in the value of invest-ing in British culture abroad," Sir Richard said in the introduction of the council's annual

report.
"It must be noted, however, that on present projections of inflation during the three years 1990 to 1993, the parchasing power of our government grant is set to fall by Meeting such a shorifall would not be easy, he said.

Only if Britain's overseas investment was protected from the worst effects of UK inflation and the direct government grant was increased would the council be able to satisfy the expanding foreign demand for British culture, Sir Francis said.

The council's most suc ful and profitable activity remains the teaching of English to students abroad.

Its network of 52 overseas language centres had a turn-over in 1988-89 of £25.3m and a record envolment of 66,000 students, an increase of29 per cent in the last five years.

Sponsorship from business for the council's activities more than doubled to £1.9m last year. One of the most important

new developments was a jointly funded programme with Bank Xerox, the US office equipment group, worth 1.6m for management training, scholarships and arts events in Eastern Europe, the Soviet Union, Africa and India.

# offer will close on December 6. votes to 2.2m. In the Airline of the Year Awards who emerged victorious?

At the 1989 Executive Travel Airline of the Year Awards, it was Virgin Atlantic who won the day.

Those most demanding and, dare one say, discerning of people, the readers of Executive Travel Magazine voted Virgin Atlantic, Best Transatlantic Carrier.

It's not just over the Atlantic that they hold sway. For Virgin were also named Best Business Class in the World, above airlines they admire such as Singapore and Thai.

A choice that was quickly seconded by Business Traveller Magazine. It's not hard to see why Virgin's Upper Class

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### sought for insolvent TV maker By James Buxton. Scottish Correspondent

**Buyer** 

HINARI a British consumer electronics company, yesterday called in administrators from

the insolventy practitioners Cook Gully. The administrators hope to find a buyer for the company, which appears to be insolvent and is believed to have debts of about 230m. Administration allows a company to continue

trading while a moratorium is placed on creditors, with a view to salvaging its business and avoiding receivership. Hinari, which has annual sales of about 260m, has grown rapidly since it was founded in 1985 as a supplier of televisions, video recorders and audio equipment. It imports most of its products from the Far East but recently began manfacturing televisions at Cumbernauld, near Glasgow in

Scotland. It also operates in Spain and West Germany. The calling in of administra tors will be seen as a result of a weakening of the cons electronics market by high interest rates.

It emerged last week that Mr Brian Palmer, the founder of the privately owned company and its biggest shareholder, had resigned as chairman and managing director. He was replaced six weeks ago by Mr John Robinson, former managing director of Electrocomponents, a British electronic components supplier. Mr Palmer built up Hinari and selected a Japanese sounding name for it to increase customer accep-

Last year a consortion led by Hill Samuel invested 14m in the company, taking a 14.4 per cent stake.

Mr Frank Blin of Cork Gully said every effort was being made to ensure continuation of the business while seeking a

# **COMBAT STRESS**

Perhaps the bravest man Iever knew...

and now, he cannot bear to turna corner

Stational lour Surgeant 'Timy' S'T'T's,
OCAL was perhaps the bravest man his
Colonel ever know.
But nove star seeing service in Aden,
after being borby-basped and anhashed
in Northern freiend, Sergeant 'Timy'
cannot beer to bern's connet. For lear of
what is on the other said.
It is the bravest men and women from
the Services that suffer most from mantal
breakdown, for they have tried, each one of them, to give more, much more, than they could in the
service of our Country.

estationant, for they frage tised, each one of them, to give more, truch thore, than they could to the service of one Country.

We know after these brave men and women. We help them at home, and to hospital. Whiten our or Coronalescent Homes and, for the cid, there is our Veterans' Home where they can see out their days to peace.

These men and women have given their minds to their Country. If we are to their men and women have given their minds to their Country. If we are to the country in the city of the country in the city of their minds a topic of the country. The city is owned by all of us.

"They've given more than they could-please give as much as you can."



\*First 40 miles with our compliments. †Not available on Tokyo route.

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This unprecedented retrenchment among building societies reflects the rec-eguition that the institutions must now said yesterday that 60 of the society's 481 branches would be closed. Redundancies among Leeds Permanent's 4,500 staff will in many cases be achieved through voluntary redundancy or early retirement.

The closures follow similar moves last

This strategy contrasts with the launching of a Visa credit card by Leeds Permanent last year. Mr Blackburn said yesterday that this was not expected to make any profit in its first two years.

The cutback will be accompanied by a programme of increased investment on systems and technology. Leeds Permanent is planning to invest £28m in new technology next year in addition to £14.5m invested in the past year.

# Halifax profits rise despite downturn

By David Barchard

DESPTIE the downturn in the housing market, Halifax, the largest UK huilding society, yesterday reported higher first half profits.

The home loan institution made pre-tax profits of 2287.7m in the six months ending July 31 compared to 5223.3m a year

31 compared to £223.3m a year ago. The result was described by Mr Jim Birrell, Halifax's

by Mr Jim Birrell, Halifax's Group Chief Executive, as "very satisfactory."

A week ago Abbey National, Halifax's chief rival, reported pre-tax profits of £203.1m virtually unchanged from a year ago. However Abbey National

actileved its result on a much smaller balance sheet. It has assets of £33.7bn compared to Habitax's £42.5bm.

Mr Birrell said that the result was pleasing because during the period Halifax had during the period Halifax had been hit by two exceptional losses. These include a lending of £28m for the Burrells Wharf project to Kentish Property Group, the Dockland developer and losses on estate agency operations of £14.5 m.

However, the results show a drastic downturn in the mar-kets on which Halifax and ket a other building societies rely.

The number of new mortgage loans made by the society fell from 150,000 a year ago to 97,000 this year, a drop of 35 per cent.

The number of loans to first time buyers - to whom much of Halifax's advertising is addressed - fell by 33 per cent, to 39,000. Total new mortgage lending by the society was £4.1m compared to £5.5m a

year ago. Halifax said that it had held its share of net mortgage lending in the building society mar-ket stable at around 13 per On the other side of its busi-ness, net receipts of wholesale funds and retail savings fell from £3.09bn in the first half of

last year to £1.9bn this year.

Most of this inflow of funds was from savers rather than the money markets although the money markets, although the building society did not provide specific details of savings inflows.

The society's capital ratios have improved slightly despite the depressed state of the mar-

Its gross capital ratio rose from 4.79 per cent at the start of the year to 4.96 per cent.

# Honda UK car plant 'to source mostly from Britain, Europe'

By John Griffiths

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HONDA, Japan's second higgest carmaker, expects British and Continental suppliers to supply most of the components needs - worth £600m-£800m a year - for its UK car production plant Mr Tadashi Kume, the company president,

said yesterday.
At the formal opening of an engine plant at Honda's 367acre site - which is already making engines for the new Rover 200/Honda Concerto models – Mr Kume said he did not exclude the possibility that some Japanese component makers would set up plants in the UK to supply Honda

But Honda was "completely satisfied" with the quality of components from European suppliers, which Mr Kume expected to remain the prime. source for Honda's components after target production of 100,000 cars a year is reached

Honda of the UK Manufac-turing (HUM) is preparing to start construction of the £300m car construction of the ESUM car plant beside the Swindon engine unit. In the 12 months from late 1991 it will assemble cars, mostly from Japanese parts, but HUM has promised to try to reach at least 80 per cant European content within 18 months of regular produc-

tion starting in late 1992.

Mr Kume yesterday quashed speculation that the Swindon site would produce Henda's. Accord model – if would build a "completely new" car devel-oped solely by Honda, but car-rying both Honda and Rover

Both companies refused to discuss the financial aspects of their "statement of understanding" signed in July to beyond the stated level. But he strengthen their collaboration, part of which provides for Honda to acquire a 20 per cent stake in Rover Group and for the world outside Europe."

Rover to take a 20 per cent holding in HUM. Mr Kume said a formal agreement on the terms of the equity arrangements was expected to be com-pleted by the year end. Only a small amount of cash is under-

stood to be involved. Both companies rejected any possibility that the sharehold-ings might later be increased. It remains unclear, though, if Honda plans eventually to raise UK output above the 100,000 cars a year target. Toyota plans output of 200,000 cars a year from its plant at Derby, and Nissan executives have indicated that UK produc-

tion is likely to double to 400,000 in the late 1990s. Mr Kume said Honda had no plans to increase output beyond the stated level. But he

### Steering group prepares for clearing house By Richard Waters

A STEERING GROUP of leading City of London institutions has been set up to pre-pare the way for a new inde-pendent clearing house for stock market transactions.

The clearing house is seen as one of the most important elements in London's range of services as a leading financial centre. It is planned in response response to fears that the weakness of the current clearing and settlement systems, exposed in the run-up to the stock market crash two years ago, could undermine international confidence in the

London equity market. The formation committee, expected to be announced today, will decide on the own-ership, structure and constitu-tion of the clearing house. The decision to spin clearing and settlement off from the Stock Exchange, where it has tradi-tionally been handled, was taken in July.

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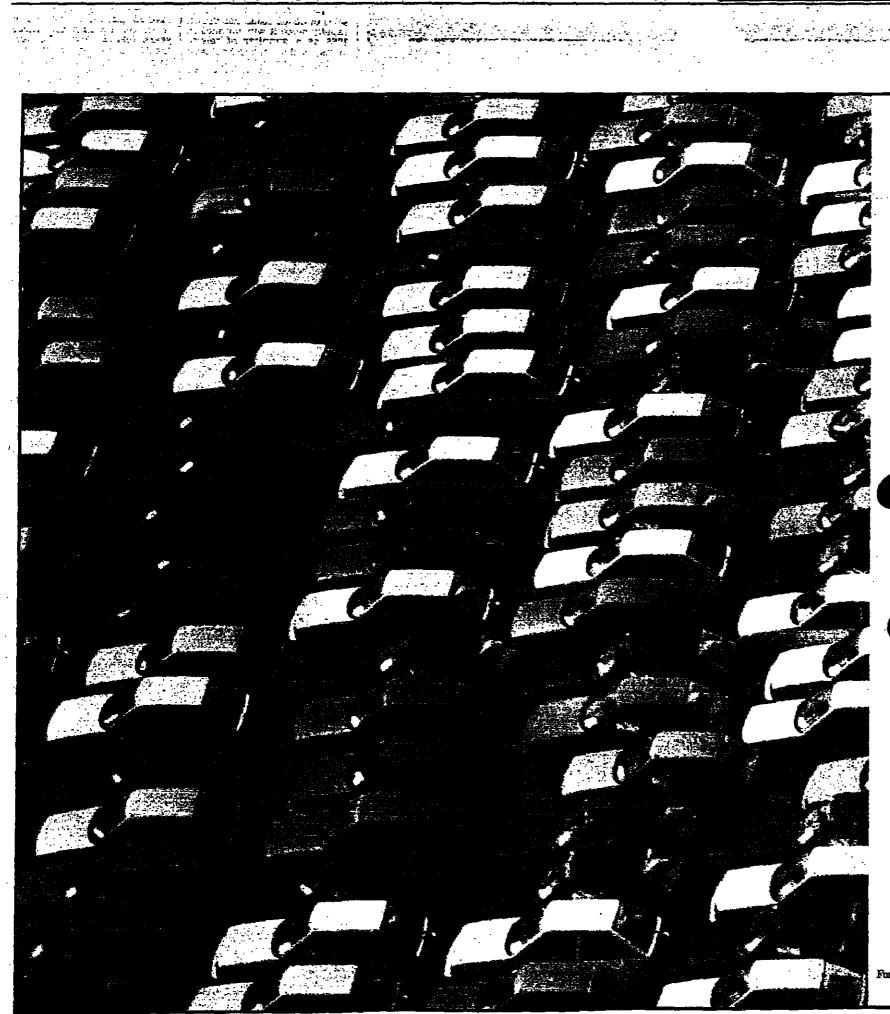


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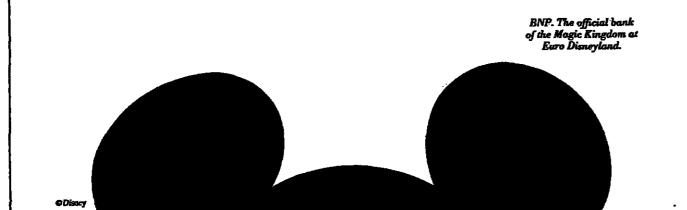
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### **UK NEWS**

# Anglo Irish Conference sticks on security issue

Kieran Cooke previews today's London meeting

RY as it might, the Anglo Irish Conference never seems to get much beyond discussing security issues. The conference, set up under the 1985 Anglo Irish Agreement, meets again today in London - once again secu-rity questions will top the

agenda.
Of immediate concern is the growing series of security leaks in Northern Ireland, mainly of documents about ter-rorist suspects in the nationalist community to loyalist

organisations and the press.

The latest allegation is that an "Inner Circle" within the Royal Ulster Constabulary, the Northern Ireland police force, has drawn up lists of national-

has drawn up lists of nationalist terrorist suspects and pledged to bring down the Anglo Irish Agreement.

Mr Hugh Annesley, the new chief constable of the RUC, has dismissed the reports as "arrant nonsense," but the restreet is likely to form part of matter is likely to form part of the widening enquiry on the leaks issue being conducted by Mr John Stevens, the Deputy Chief Constable of Cambridge-

The main bone of contention

meeting concerns the Ulster Defence Regiment, the mainly protestant regiment which carries out more than 80 per cent of army duties in Northern Ireland. Dublin has frequently called for its activities to be limited and controlled - Mr Ray Burke, the Irish Minister for Justice, recently questioned

the regiment's very existence. Dublin politicians and leaders of the mainly Catholic Social and Democratic Labour party in Northern Ireland have been particularly upset by statements this week by Mr Peter Brooke, the Northern ireland Secretary, confirming that the UDR will be issued with plastic bullets, a move which Dublin has always

resisted strongly.

Mr Brooke said he was merely putting into practice a decision made by his predeces-sor Mr Turn King, and that the use of plastic bullets by the UDR would be subject to tight control. Dublin has described Mr Brooke's comments as "extremely unhelpful and regrettable" and feels its con-cerns, raised at the last conference meeting, have

While Dublin has expressed

its worsies about the security leaks allegations, it has been careful not to become directly involved until a fuller picture

any in Northern Ireland feel that the whole question of the leaks has reached faintly rifticulous proportions. Much of the information seen so far been is relatively low-calibre and widely available – one theory is that it was released by hand-line loyalists to cause friction between London and Dublin and undermine the Anglo-irish

If this is so, the loyalists have had some success - relations between London and Dublin are more strained than for some time. But whatever the arguments at today's meeting it is likely that both British and Irish Governments will bedon the property to continue. pleage themselves to continu-ing the Agreement.

Meanwhile, pressing issues such as discussions on reforms in the justice system in North-ern Ireland and more cross border co-operation have been pushed to the sidelines by questions of security once

Charterhouse said that the typical senior UK managers saw basic pay rise by 12.1 per cent in the year to July – a net rise of 5.1 per cent after inflation. Belgian managers, by comparison, enjoyed 3 4.9 per cent rise after inflation, while Garman and Dutch directors' pay rese 4.8 per cent after inflation and that of French directors went up by 4.6 per cent. up by 4,6 per cent. Charterhouse said that UK chairmen or oblef executives

Pay for top

with Europe

THE BASIC PAY of top UK

executives is rising no faster than that of their European

counterparts according to Charterhouse, the merchant and investment banking group.

In its twice-yearly pay sur-vey, Charterhouse said the pay

of Britain's top managers is usually performance-linked. It

usually performence-linked. It added that the biggest increases are awarded in the

largest companies, where com-

Charterhouse said that the

most acuse.

By Michael Skapinker

executives

in step

typically say total earnings (comprising basic pay and bonuses) rise last year by 17.8 per cent.

A quarter of all chairmen and chief executives won earnings rises of 7 per cent-or less; a quarter won rises of 36 per cent or more.

cent or more.

Board members' pay rises were influenced largely by the size of the company. The typical base pay increase for all board directors was 12.6 per cent, and directors of companies with a turnover of less than \$40m received 10 per cent. In large multinationals, directors received basic pay increases of between 15 and 20 per cent. per cent.

Charterhouse found 25 directors earning £500,000 a year or more. As its information is taken from published company accounts, its list is not compre ensive and excludes most pri-

vate companies.

Lord Hauson, chief executive of the eponymens UK conglomerate, is the highest earning executive with total earnings of £1,239,000. Second is Mr Tiny Rowland of Lourho, followed by the highest paid director of Robert Fleming, who has not been identified. Sir Ralph Hal-pezn, chairman of the Burton Group, is fourth.

# European arms industry 'may be reduced to few leading players'

By David White, Defence Correspondent

EUROPE'S arms industry might be reduced to three or four "major players" by the mid 1990s, Professor Roland Smith, chairman of British Aerospace, forecast yesterday.
In a lecture to the Royal Institute of International Affairs he said a series of

cross-frontier amalgamations would take place "mless individual European governments take it upon themselves to interfere with the progression of market forces. "It would not be difficult to forecast a situation in which

the European defence equip-ment industry will be forced to move quickly into complementary alliances, mergers and acquisitions so as to gain the economies of scale and to be

able to afford the research pro-grammes to sustain advancing technology without too substantial a contribution from European governments." That prospect was set against the background of

defence budgets expected, at most, to grow in line with inflation.

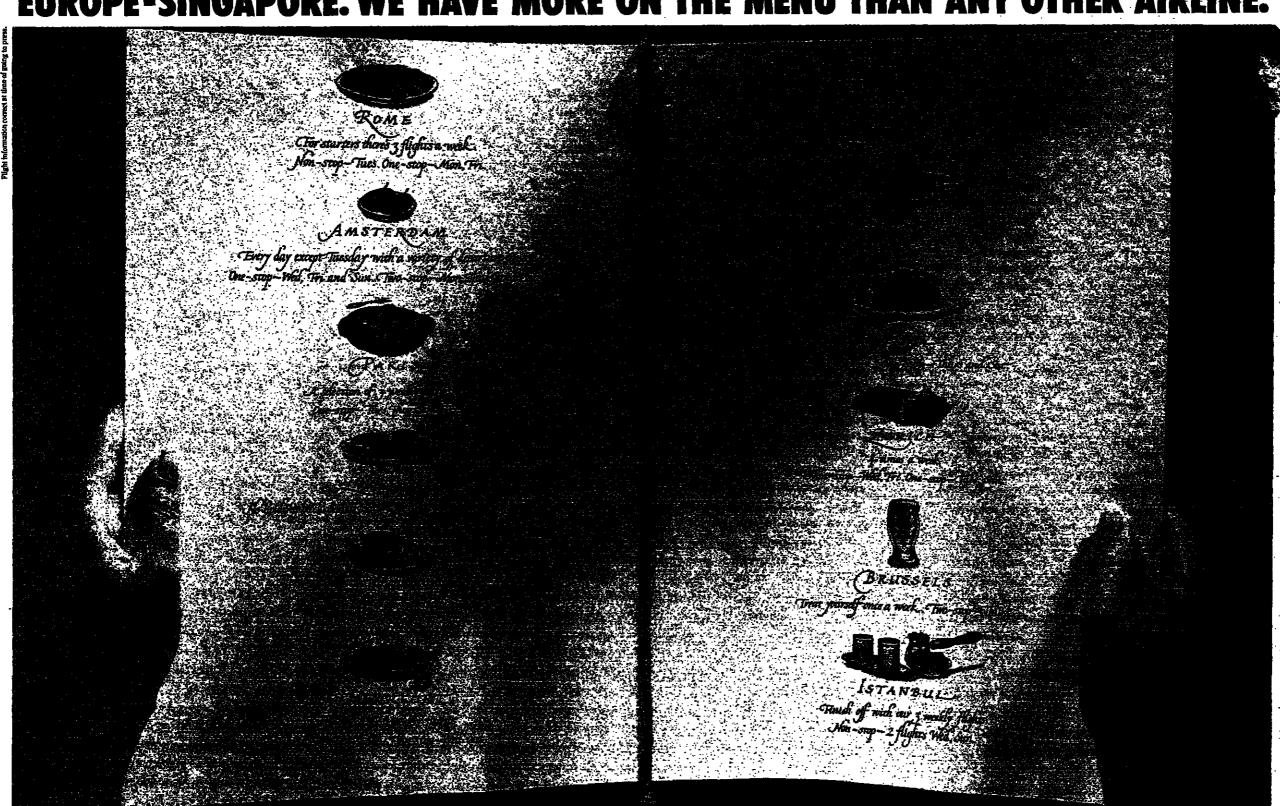
Prof Smith called for "pan-European solutions to defence procurement" to strengthen the market base and enable European contractors to compete with US rivals. "Busines considerations must be given prominence over national

Prof Smith described it as a "tragedy" that France should have stayed outside the Tor-nado and European Fighter Aircraft programmes. French aerospace companies had some of the most advanced technology and manufacturing pro-cesses in Europe, and European business could not afford to duplicate scarce resources in eveloping different aircraft. He also called for a "less con-

frontational policy" between Britain and France on arms sales to developing countries. European companies could keep their place only through greater research efforts derived from the increased scale of businesses. They needed a more coherent export policy to avoid losing market share.

Closer European industrial co-operation should leave room for a continuing two-way rela-tionship with the US, he said.

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### **TECHNOLOGY**

Alan Cane on how the French stock exchange is modernising some of its procedures

# High yield at the Bourse

gearing up for hattle. In an increasingly competitive from increasingly competitive finan-cial world, they are looking for

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ways to improve efficiency.

London, with its switch in 1986 to
screen-based imprination services, has made the running in Enrope. Other European exchanges, however, have been quick to use information technol-ogy to try to diminish London's lead. The Paris Bourse, which is fourth largest exchange in the world behind New York, Tokyo and London, is carrying out a project to modernise its clearing and settlement procedures - some-thing the London Stock Exchange is only beginning to tackle seriously.

only beginning to tackle seriously.

The Paris project is making substantial use of computer aided systems engineering (Case), where computer systems are used to write computer programs. It is a comparatively new hut rapidly growing technology.

Dince exclusively the preserve of specialists like Index Technology and Sage Software in the US and Systematica and Softlab, in Engine the technology is

Softlab in Europe, the technology is now being promoted by large compa-nies. Computer firms apart, these include semiconductor house Texas Instruments, aerospace manufacturer McDonnell Douglas and management consultants Arthur Andersen.

Last month, International Business Machines, the world's largest computer manufacturer, added its presence to the list, announcing its own Case strategy under the name Applications Develop-ment/Cycle or AD/Cycle — typically impenetrable IBM terminology which

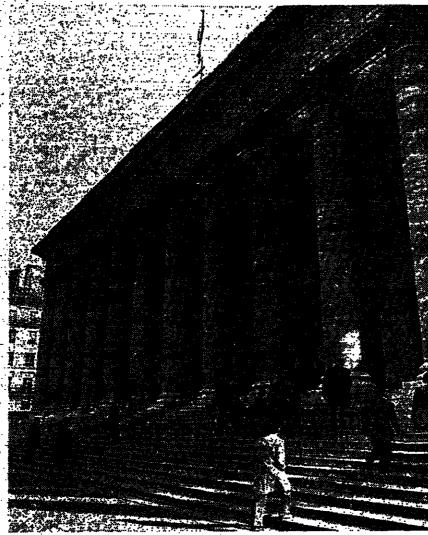
conceals, experts say, significant advances in Case technology.

Julian Hewett and Tony Durham of the London-based consultancy Ovum argue in a study about the develop-ment of Case systems that IBM's announcement will galvanise the Case industry. They say it will encourage suppliers to forsake attempts to develop Case strategies of their own in favour of products, compatible with IBM's approach.

IBM, they suggest, will provide a Case framework into which other sup-pliers can slot their products, "Case is now an established technology," say Hewett and Durham. "It has overcome the credibility barrier, and is on its way to becoming one of the software indus-try's major product markets".

But why does a credibility barrier even exist? Of all businesses, surely the software industry takes its own medicine and uses computers to lighten the programming load?

Strangely enough it does not. The creation and testing of software has always been more craft than science; the result is that the delivery of fin-ished software remains a hit-or-miss affair. Budgets and deadlines are



missed more often than not and a depressingly high percentage of new business software is never used. It is delivered so late that the business imperative has gone.

Case is an attempt to change that it uses, computer-based techniques to automate the use of a "methodology", a disciplined approach to project manage ment, and computer-based methods to write and test computer code automati-

According to the Ovum study, the Paris Bourse project is the largest project in the world to use Case methods. It originated after a review of clearing and settlement procedures ordered in 1986 by Edonard Balladur, then French Minister of Finance. The review was carried out by the US-based consultancy Arthur Andersen which went on to design and implement the new system, known as "Relit" (Reglement-Livraison de Titres).

transactions and one for trades outside the market); the settlement system; a system for maintaining common refer ence data; and the network for handling data communication between organisa tions over Transpac, the French packet-switched network.

While the system will not be completed uptil December 1990, testing has already started. Hewett and Durham report that all six sub-projects have been completed on time and within budget: "A remarkable achievement" they conclude, "for a project of this scale. Helping to manage risks is the strategic benefit associated with the use of Foundation. It is believed by the project's managers that controlling a project of such scale would be almost impossible without extensive help from tools - and, of course, a methodology."

The Paris team has tried to measure productivity gains using Foundation. They estimate that the use of Install/1 delivered direct productivity gain of 20 per cent during the implementation phase. For on-line programs, the code generator delivered a 30-40 per cent gain and for batch programs, 10 per cent. The mix of on-line to batch programs was 30:70.

Examples of success like the Paris Bourse (Hewett and Durham list other case histories including Aetna Life Insurance Corporation of the US, the UK's East Midlands Electricity company and Nykredit of Denmark) suggest that Case's time has arrived.

The Ovum study sets out three management actions which it believes are necessary to achieve success: An initial "action of faith" when jus-

tifying Case. It is difficult, Ovum argues, to develop a cost/benefit analysis for the technology.

 A substantial investment. "Disaster faster" is the popular slogan used to refer to the results of poor introduction of tools.

 An understanding of the relation-ship between methodology, techniques and Case. Case tools support or automate methodologies, so automating a mess will only produce an automated

Will Case help overcome the now endemic shortage of programmers? Not in the short term, Ovum says: "We expect Case to improve productivity dramatically as benefits start to be real ised in maintenance (adding new material to old programs). But this is unlikely to have a significant impact this side of 1995. If anything, in the short-term Case requires more skilled developers to take advantage of the increasing levels of support and auto-

\*Case: The Next Steps. Onum Ltd, 01-255 2670. £550 or £995.

### **Briquettes for** cleaner sewage

AS WORRIES about the safety of the UK's drinking water and cleanliness of its beaches grow, one company has developed a process which, it says, could solve both problems and provide an

alternative fuel to coal. R North & Associates of Exeter has developed a method of extracting water from domestic sewage sludge to produce hard briquet the size of cricket balls, but weighing almost a kilo.

The briquettes can be burned in modified coal-burning power station treated for use as fertilisers, or dumped at sea. But because the briquettes are so compact - traditional studge is 94 per cent water they will slak to the sea bed where they will disintegrate, rather than washing up on beaches.

First, the raw sewage passes through a belt press to remove the water. The resulting cake, comprising 60 per cent water, is ted into a dryer, operating at 110 deg C, which produces dry flakes. They are then made into briquettes. One larry-sized machine could produce 3.5 metric tonnes of dry material per hour — enough to service one large town.

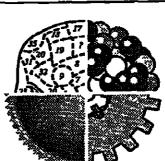
### Less friction for more wear

WHEN TWO metal parts rub together they cause heat. That causes friction, And that

So a thermal barrier which prevents the build up of heat will mean a longer life for engines, machine tools and any other process machinery where metal parts clash. Such a coating is being made by a US division of Motor Products Corporation, of Alx-en-Provence. Turbolon, as it is called,

comprises a chemical ingredient in a petro-chemical base, and works by permeating the metal. Small particles penetrate the structure to a depth of 0.15 to 0.20 microns after the coating is put on. An added bonus for motor vehicles is that the temperature reduction allows a more complete combustion of the tuel, thereby reducing noxious ea

Turbolon is available or being tested in Norway, France, Denmark and the UK (sold by 3T of Wales).



### WORTH WATCHING

Edited by Della Bradshaw

### Testing the anaesthetic

PATIENTS in UK hospitals will be the first to benefit from a medical test which can prevent brain damage, and even death, from occurring when a person is under

Sold by Pharmacia, of Uppsala in Sweden, but developed at London's University College, the test is designed to spot allergic reactions to drugs given during an anaesthetic.

A reaction occurs because some people build up exposure to anaesthetic drugs. The blood test, which intibodies developed against the three most commonly used drugs, can be done in hospitals in less than four

### Christmas cameras

EUROPE is to get the latest in Japanese camera technology — just in time for Christmas.

The Canon still video camera is used for snapping photographs in the same way as an ordinary camera. But once taken, the pictures can then be displayed on a television screen.

The camera, developed to work with the European Pal television format, records the pictures on a two-inch square magnetic floppy disk, which uses a similar tape to a video cassette. Like a video cassette, the "photos" can be erased or others recorded A lead from the camera

plugs into the video recorder or aerial socket on the television set, and the

pictures are flicked through on screen by pressing the shuffer on the camera. Each disk, which can contain up to 50 full-colour

### camera costs £499. Computerised

controller

images, will cost £5. The

MUMERICAL controls, the equipment which controls the workings of machine tools in factories, are embracing the latest developments in

computer technology. Osal-AB of Poole, the joint venture company set up by Oilvettl of Italy and Allen-Bradley of the US, has developed a computerised controller based on the latest Olivetti personal computer.

The Series 9360 can run standard software packages designed for IBM or compatible PCs. The machine could, for example, run a local area network package so that the screen-based controller can send information to the corporate database, or retrieve data from it to be used in the

production cycle. Because the Series 9360 machines use 32-bit microprocessors, they can process the arithmetic equations considerably me quickly than their 16-bit predecessors.

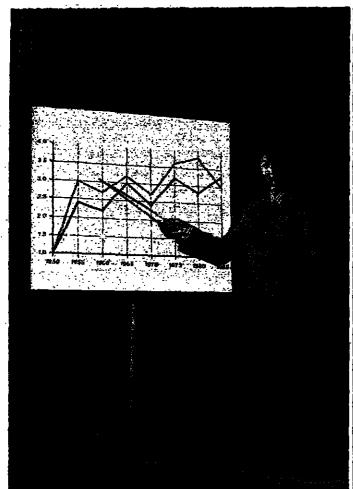
### No more excuses

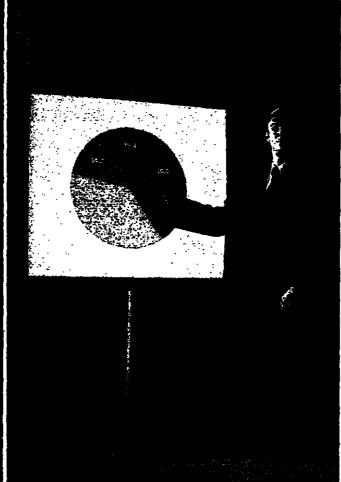
**UNIVERSITY** students returning to campus this week have been timetabled with an uncharacteristic efficiency.

A software package for IBM and compatible PCs has been faunched in time for the new term. It schedules rooms, lecturers and subjects - and refuses to allow any double bookings.

**Developed by Corbett** Engineering of Kenilworth, the Celcat package displays information in a grid format in the same way as a timetable is written. Printed out, the timetable can be distributed to staff and students, eliminating a whole catalogue of excuses for why students could not make it to the room on time.

Contacts: R North: UK, 0392 211661, 3T: UK, 0597 5717. Pharmacla: Sweden, 18 16 30 00. Canon: Japan, 3 348 6505. Osai-AB: UK, 0202 680011. Corbett: UK, 0926 56131.





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it places on the management of techno-

logical change. It has developed its own Case methodology (Method/1), a

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The Bourse project presented Arthur Andersen with a formidable task. It

would involve the interconnection of

300 banks and 50 brokers with the

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every day. The software alone would

Notive 700 programs.

Some 500 people-months were taken up in the design phase; at the peak 250 people were working on the project. The overall task was divided into six

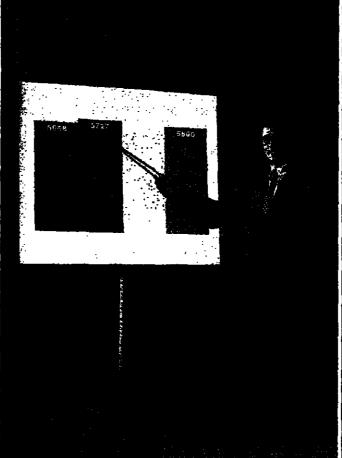
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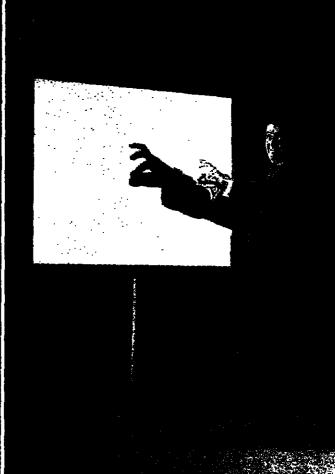
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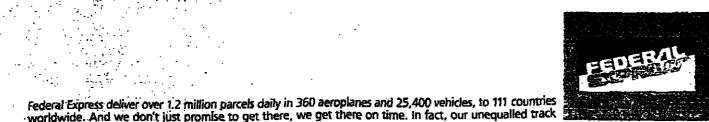
Case "tools" is called Foundation.

involve 700 programs.





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### **MANAGEMENT:** Marketing and Advertising

US movie company spotted a good business opportunity.
Looking across the Pacific from their Hollywood base, executives saw a capital city with 10m people and only 16 cinemas where films are given their first showing. What's more, the films

shown there consisted almost entirely of second rate sex and violence pot-boilers, while the population was highly educated and becoming increas-

ingly well off.

The main problem with this enticing market was that it was protected from foreign competition. In 1986 the company, Universal International Pictures (UIP) decided that the time was right to try to

expand. The country it was aiming at was South Korea. Three years later the campaign has been successful, but few would have imagined the obstacles that DIP would face.

The scenario reads like the script for High Noon. While the goodies and baddies have not yet engaged in a shoot-out in the main street, tactics used in Seoul to fight off the challenge are reminiscent of the wild

They include releasing live snakes in cinemas to frighten customers, and scattering tear gas powder under the seats, forcing patrons to exit fast, crying and sneezing.

Screens have been rinned to frighten off cinema owners and demonstrations have been held claiming that foreign films pol-lute Korean culture. Two alleged saboteurs have been arrested and even the taxman has been introduced into the

The first problem UIP faced was government restrictions on imports. It enlisted the help of the US Government, then in the throes of a bitter trade battle with Seoul as its deficit mounted. Movies were put on Washington's list, along with beef, wine, advertising and cit-rus fruit. Before long the South Koreans capitulated on films, an easy point to concede compared with the severe political constraints on opening the market to agricultural goods. UIP had won the first battle

and started to organise for the fray on the ground. It hired Mike Pae, a Korean American who had formerly worked as an agent for the South Korean film importers, to head its Seoul operation.

Pae, in the role of poacher turned gamekeeper, was a good choice. A film editor who had owned a film and video shop in

# Snakes alive in Korea's cinemas

Maggie Ford reports on the ultimately successful battle to distribute foreign films



Los Angeles, he is well versed in the business attitudes of both sides. "We may be fighting tooth and nail, but we can still go out and have dinner together after work," he says of his South Korean adver-

UIP represents MGM, United Artists, and Paramount as well as Universal International It buys between 35 and 40 films a year to distribute worldwide, in competition with Warner Brothers and 20th Century Fox in the US.

In Asia it also competes against Hong Kong and Tal-wanese film distributors. So far few European films are shown in Asia and Japanese films are banned from South Korea.

In 1987, after the market was opened by the agreement etween the two governments, UIP and the other US distribu-tors faced a further combination of two restrictions: a quota system and a cartel of South Korean distributors who chose the films to be imported.

The South Korean Government insisted that one third of cinema showings must be reserved for Korean films. But rather than protect the local industry, the quota, combined with very heavy-handed cen-sorship, caused the local industry to wither.

The result was that cheap, but profitable, foreign films were imported, with 40 per cent of the available market

going to Hong Kong movies. Investment by the cartel in local films was low, designed only to fill the quota hours as inexpensively as possible. Many talented local film directors were so discouraged they turned away from the industry.

Such poor quality films, Korean or foreign, failed to attract patrons, which resulted in only 16 cinemas for 10m people. All of them were in poor condition, regarded as a property investment rather than a business by their owners.

Looking at a market worth an estimated \$20m annually, UIP decided that enormous growth was possible if the emphasis changed to quality

imports. It was right.
As a first step it cut off supplies of UIP films to the local distributors, which were then taking two or three a year. Sec-ond, it concentrated on quality, bringing in films like Fatal Attraction and Rain Man.

Before long, audiences in a country starved of quality films were flocking to the cin-ema. UIP estimates that Seoul could now fill 200 cinemas profitably, with 2,000 nationwide. Already the number has jumped to 50 in a year and cinema owners have installed new stereo equipment, better seating and attractive decor.

The row between UIP and the local distributors has attracted much attention; the local press was initially hostile because of fears of a further invasion of American culture in a country which already feels itself to be swamped.

But the popularity of quality films has moderated criticism. The recent success of the Korean film industry, which has picked up prizes at the Venice, Berlin, Locarno and Moscow film festivals, has also blunted the argument that the local industry is being damaged.

The government has announced a programme of support for the local industry of Won 10bn (\$15m); this includes the building of modern professional studio facili-ties over the next three years. Pae praises the calm and intelligent attitude of cinema goers who, he says, have recognised the use of scare tactics by the local distributors and

have refused to be intimidated. Other foreign distributors are now beginning to survey the possibilities in South Korea, albeit cautiously. 20th Century Fox recently distributed the film Big without incident in Seoul and Australian distributors are considering

the market. UIP still has some way to go to establish fully open competi-tion as it has still not been able to get its films shown in major downtown cinemas. But Pae believes it is only a matter of time before theatre owners see the merits of the box office deal UIP offers, where the risk and the profit is shared. Local distributors charge a flat fee

for their films.

After that, for the next stage of its campaign, UIP plans to try to reform the local video market, where piracy is the main problem. Although South Korea has signed an intellectual property agreement with the US, enforcement remains a

major problem.

The US Motion Pictures Exporters' Association is shortly to establish an office in Seoul to try to stamp out piracy. The problem is also a major deterrent to European Community exporters, with whom Seoul has signed no ment at all.

Piracy does not affect film distribution, however, and other foreign countries are expected to take advantage of the trail blazed by UIP. They, too, may well be successful for South Koreans are starved of quality European culture.

The UIP saga is a good example of the way opening markets can benefit both export and domestic industries as well as the consumer. Even the local distributors may one day be forced to agree that it is a story that deserves a happy ending.

# Gillette hones its competitive edge

Philip Rawstorne on the launch of a "life-style" shaving system

having may be a mundane and boring activity, but it is taken very seriously by the players in the shaving products market, with Gillette, Wilkinson Sword and Bic in particular honing their marketing weapons. Now Gillette is aiming for a

slice of the top end of the market with a new shaving system, the Sensor, that it says has taken 10 years to develop. It plans to spend \$175m (£109m) on a multinational marketing campaign for the launch of Sensor in North America and Europe early next year.

The system will become the focal point of a pan-Atlantic "life-style" marketing strategy which began earlier this year with the advertising campaign Gillette: The Best A Man Can Get

The \$110m campaign, from the US agency, BBDO, will support a single Gillette prod-uct for the first time, with a consistent theme covering brand name to packaging, in the US, Canada, the UK and 16 other European countries.

ti-media advertising campaign. Gilette's aim is to increase both the total value of the North American and European wet-shave market, currently around £68m, and its 65 per

cent share of it. Ever since its founder, King C. Gillette, invented the safety razor in 1895, the company has constantly searched for an easier, safer and more comfortable way for men to get rid of their whiskers. It is a sizeable problem. Gil-

lette's researchers reckon that the average man has 30,000 whiskers on his face, growing at the rate of a half-inch every month. He spends the equiva-lent of 3,350 hours, or nearly 140 days, during his lifetime having off the growth.

The North American and

European markets now use 5.5hn blades a year — and Gil-lette supplies 57 per cent of

Recent improvements of the cartridge systems has also increased the value of the mar-ket which declined during the

1970s and early 1980s with the advent of disposable razors. Since 1986, the market has grown by 26.7 per cent in value compared with an increase of only 2.6 per cent in

volume. Disposables still account for 63 per cent of market volume, but less than 42 per cent in value. What is known as the systems sector has since 1986 increased from 23.8 per cent of market volume to 28.7 per cent; and its value share has risen from 43 per cent to 51

per cent.
It is in order to continue that process, and consolidate its position as market leader, that Gillette has spent some \$150m in developing the Sensor system over the past 10 years. The prototype was produced at Gillette's research establishment at Reading, in the UK, and the engineering and manufacturing processes have been perfected at the company's Boston headquar-

The Sensor's laser-welded, and chromium/platinum hard-ened, narrow twin blades, are independently mounted on

springs. That feature, Gillette ciaims, together with a spring-mounted metal skin guard and pivot head, enables the razor to adjust automati-cally to the individual contours of each man's face. "The first, and only, personalised shaving system," says Alan Boath, Gillette's general manager, Northern Europe.

The company claims that consumer tests have already shown that Sensor not only gives a closer, more comfortable shave but that its car-tridges are easier to change and to clean.

The system will be intro-duced, with sample offers and other point of sale promotions, at a premium of 25 per cent on the cost of Gillette's current top-priced product, the Con15 15 T

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tour Plus. Gillette is siming for a 5 per cent share of the market for Sensor by the end of 1990. It accepts that most of that gain may be made at the expense of its other razors; but it will be well satisfied if a third of the Sensor's sales is cut out of its rivals' share of the disposable

# The influence of affluence

Christopher Parkes assesses the impact of advertising on drinks consumption

oes advertising drive spirits rose 66 per cent.
people to drink? Out came the response Probing under-age psyches and poring over econometric models, seekers after the truth have just published new material which should arm both sides of the long-run-

ning debate.
Writing in the latest edition of the International Journal of Advertising, Martyn Duffy, an economist at the University of Manchester Institute of Science and Technology, concluded that the role of advertising in the expansion of demand for alcohol was "barely measur-

However, psychologist Philip Aitken, reporting in the same edition on a study of a gaggle of Scottish schoolchildren, found that commercials had a measurable influence on young people and concluded that alcohol commercials reinforced

their drinking habits.

Duffy fed his econometric model with data from 1963 to 1983, when real per capita spending on beer, wine and

Out came the response that rising income was by far the most important force behind increasing demand.

Spirits consumption, he says, may have increased by almost 3 per cent a year on average because of greater affluence; wine by 4 per cent and beer by 1.1 per cent. Actual growth rates were 3 per cent, 6 per cent and 1.4 per cent a year

Most of the growth rate difference was accounted for by relative price differences as liquor and wine became cheaper relative to beer and non-alcoholic drinks. In sum, Duffy found, the millions spent on promoting drink over the 20 years under review had no effect at all on spirits drinking, and may have added a mere 0.2 per cent to average annual growth rates of beer and wine. A sidelight from a more

recent period came in another paper in the journal, which showed that between 1978 and 1987 beer consumption fell 14

per cent while advertising rose 60 per cent in real terms. Spirits intake fell 4 per cent while promotion rose 70 per cent, and wine drinking soared 65 per cent under the influence of fashion while advertising expenditure fell 26 per cent.

Eschewing bar charts and equations, psychologist Aitken, of the University of Strath-clyde, tackled the drinks industry's stock argument that advertisements merely encouraged existing drinkers to change or maintain their brand preferences.

While advertising may certainly have a greater effect on brand chaice . . in relatively mature or static markets of older adults . . . it would be expected to have a greater effect on consumption in dynamic markets of teenagers who are experimenting with alcoholic drinks," he argued. Unaware that their interro-

gators were interested in their response to drinks commercials specifically, 150 Scottish children were asked to men-

tion advertisements they liked. The 10-year-olds rattled off cat-alogues of humorous ads for sweets, soft drinks, crisps and toothpaste. Children of 12 and above, however, tended to mention alcohol commercials at the beginning of their lists, and most of the entire sample liked them for their music, action, colours and humour.

Aitken stressed that advanc-

ing age and peer group drink-ing were probably more influ-ential in tempting an adolescent to drink, but added that it was clear that commercials aimed at older teenagers and young adults presented qualities attractive to younger grouds. As one 16-year-old boy said

of lager advertisements: "They tend to have the image of the macho type of man who can get all the girls he wants." International Journal of Advertising, Vol 8, Number 2, 1989, Quarterly on subscription from Mike Daley, Cassell, Stanley House, 3 Fleets Lane, Poole, Dorset BH15 3AJ.

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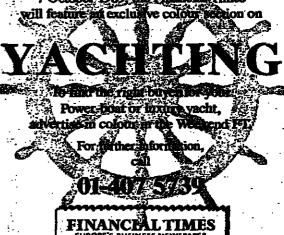
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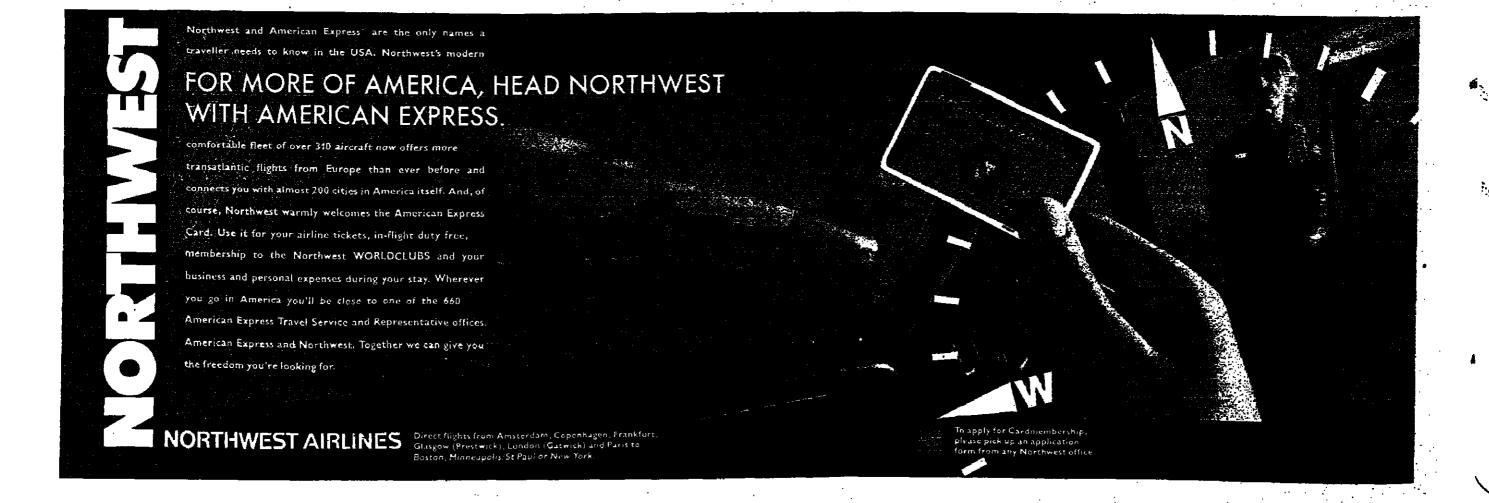
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FINANCIAL TIMES

### **BUSINESS LAW**

# US courts slow the Reagan-Bush anti-trust revolution

By Robert Skitol and Lloyd Ziff

of mergers, acquisitions and joint ventures under the US anti-trust laws have in recent years focused almost exclusively on enforcement and non-enforcement decisions by the two federal anti-trust agencies, the Federal Trade Commission and the Anti-trust Division of the US Department of Justice.

While this focus is under-standable, it has perhaps obscured some remarkable developments in the courts, which have produced over 30 decisions involving 21 con-tested transactions within the past 30 months alone.

This most recent array of precedents under section seven of the Clayton Act provocatively exemplifies the fact that anti-trust "regulation" in this area is a product of decisions

from disparate sources. We present here a brief look at the last few years of this hydra-headed judicial dimension. The composite picture reveals that things have changed less than might at

The period from 1987 to the present is of particular interest because it covers the final two years of the Reagan adminis-tration and first six months of the Bush administration, during which one might have expected to see some results from eight years of appointments to the bench of judges

OBSERVERS of the treatment sharing the "Chicago School" approach to anti-trust that has pervaded the Reagan enforcement agencies

It is also of particular interest because it covers the 30 months following the Supreme Court's Cargill decision, establishing strict standards for competitor standing to sue and widely viewed at the time it was rendered as sharply cur-tailing if not eliminating pri-vate enforcement of section

Of the 21 transactions, nine involved Government challenges - three brought by the FTC, six by the Justice Department. We review those nine cases here.

The Government's record in court has been rather spotty. The courts have shown no inclination to rubber-stamp the Government's charges: sometimes accepting the merger proponents' positions on the facts; while on other occasions taking a harsher view of a merger's adverse effects on competition than the Government has argued in its chal-

lenge or believed appropriate.
In short, the element of unpredictability remains a significant characteristic of merger law and policy in the United States.

In the first of these cases, the FTC sought a preliminary injunction against a merger of two glass container manufacturers. The district court

denied the injunction, principally on the ground that the relevant market was not that of glass containers but of "all rigid - walled" containers including metal and plastic.

In the next case, the FTC sought the wholly unprece-

dented remedy of rescission of consummated merger between two industrial dry corn producers. The district court granted the request and its decision was affirmed by the Seventh Circuit in a tough "trust-busting" opinion by none other than Judge Richard Posner, a leading light of the Chicago School.<sup>2</sup>
The FTC challenged a merger between two California

supermarket chains, settled on the basis of a limited divestiture commitment that allowed the parties to proceed with the transaction, saw the transaction consummated and then saw the California Attorney General challenge the deal and obtain a hold-separate order on findings of both a probable violation and inadequacy of the agreed-on divestiture.

The Ninth Circuit upheld the

district court's finding of probable violation but reversed the order on the ground it amounted to a "divestiture" order, a remedy not available to the State's Attorney General who, the court said, could have obtained an injunction against consummation if he had

In separate actions, the Justice Department challenged a merger between two non-profit making hospitals in Rockford, Illinois, and a merger between two non-profit making hospi-tals in Roanoke, Virginia, with

opposite results. The district court in Illinois accepted the Department's position that such a transaction between non-profit making entities was subject to section seven, that the relevant market was limited in inpatient hospital services within a narrow geographic area, that efficiencies and other benefits of the merger should be disre-garded and that the merger should be enjoined.

The district court in Virginia accepted the defendant's posi-tion that such a transaction between non-profit making entities is not subject to section seven, that the relevant market should be defined broadly to include outpatient clinics as well as hospitals within a wide multi-county geographic area, that efficiencies and other benefits of the merger outweighed any poten-tial anti-competitive effects and that for all of these reasons the merger was lawful.5

The Department sought and won a preliminary injunction against a joint venture between two of only three manufacturers of automatic tampers used by railroads to

correct track deviations. Among the defences rejected

by the court were that: The joint venture was needed to enable the parties jointly to develop high-tech tampers; the venture would enable the parties to crack the European market and increase exports; railroads in their capacity as tamper consumers believed the venture to be desirable and did not believe it would have any

The Department lost its suit for divestiture of an acquisition giving a single movie exhibitor control over virtually all of the cinemas in the Las Vegas area. The court found the market was not limited to movie theatres but included

home video and cable TV. On the other hand, the Department won a revival of its suit for divestiture against a high fructose corn syrup (HFCS) manufacturer's acquisition of control over competing HFCS facilities when the Eighth Circuit reversed the lower court's summary judgment dismissing the complaint. The lower court found that HFCS competed within the

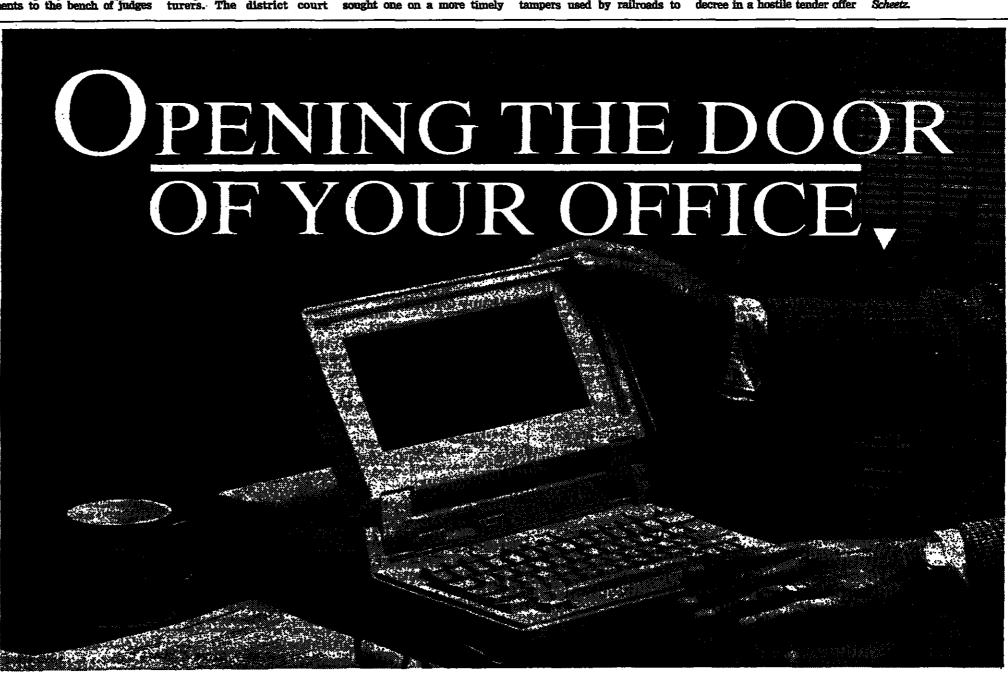
same market as sugar, the Eighth Circuit agreed with the Department that HFCS and sugar were different markets because of government price supports for sugar.8

The Department filed a complaint and proposed consent decree in a hostile tender offer

situation involving two competing sellers of aggregate materials, permitting the offeror to complete the transaction without waiting for completion of the required "Tunney Act proceeding" on the

adequacy of the decree. Both the target company and the California Attorney General objected and persuaded a district court to enjoin the transaction pending comple-tion of the Tunney Act pro-ceeding. On appeal, the Ninth Circuit upheld the district court's authority to issue such an order in aid of its Tunney Act jurisdiction but directed that it be converted into a hold

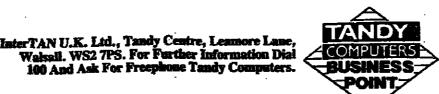
-separate order.<sup>s</sup> In this period government agencies scored some big victories, suffered an approximately equal number of big losses, and on two occasions found the California Attorney General a potent merger antagonist. FIC v Owens-Illinois, 681 F Supp 27, 2FTC v Elders Grain, 868 F 2d 901; 2California v American Stores, 872 F 2d 837; 4US v Rockford Memorial, 1989-1 Trade Cas 68,462; 5US v Sept. 17tale Cts 86,902, \*US v Carilion Health Systems, 707 F Supp 840; \*US v Ivaco, 704 F Supp 1409; \*US v Syufy, 1989-1 Trade Cas 68,478; \*US v Archer-Daniels-Midland, 866 F 2d 242; \*US v BNS, 858 F2d 456. Mr Skitol and Mr Ziff are partners in Washington and Philadelphia for Pepper, Hamilton & Scheetz



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# WORLD INDUSTRIAL REVIEW

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**FINANCIAL TIMES** 

# The boy that would be king

thespian year in Britain. The only question is: will we still like the flavour next year? His film of Henry V represents megalomania on a grand scale, worthy of Orson Welles or Laurence Olivier. Directing and starring, Branagh has assem-bled a cast of fellow inminaries — Paul Scofield, Emma Thompson, Richard Briers, Judi Dench, Geraldine McEwan - who wheel around him as satellites round a planet.From Welles he horrows, at least in early scenes, the device of disguising a shoestring bud-

get with lashings of chiar-oscuro. (If the sets are skimpy, it is usually too dark to tell.) And from Olivier he horrows a And from Onvier he borrows a bravura acting style, at once flamboyant and surgically incisive, that turns "Once more unto the breach" and the St Crispin's Day speech into trumpet blasts for the human guirt. It is what Branagh does not borrow that proves less auspi-cious. Attempting to creep out from the shadow of his men-

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tors, he fills the movie with all the lesser Bardic material Oli-vier's movie wisely left out (the later Chorus speeches, the conspiracy scene, the hanging of Bardolph). And as if terrified that the torchlight-and-Gothic style of Welles's Shakespeare films might follow him to Agincourt and beyond, he imparts a grey, overcast naturalism to the early location scenes in France that snuffs out tension and excitement. Instead of accompanying the British army on a vast patriotic adventure, we feel as if we have met up with 30-odd mummers whose van has broken down near Calais and who are legging it across France in funny clothes.

Saddest disappointment is Branagh himself. When not out-braying Olivier or delivering (his best moment) a mov-ing "O God of battle, steel my conjoins anodane scient bies soldiers, hearts, he brokes a mile of the property of the propert doughy featured, he resembles - Nature's fault not his, but one magnified on screen - a schoolboy who has eaten too many buns during the tuck-box break. Shorn of Olivier's physical charisma and reserves of sullen, glowing mystery, Branagh tries to compensate with a pugnacious modernism. But all one feels is a talented adjutant

desperately grabbing at officer The movie's pictorial poverty is exposed by the yards of verbiage. Were we ever so speech-ified at in a Shakespeare film? Derek Jacobi's Chorus keeps turning up, spelling out in words what we should be seeing or sensing in images. He resembles one of those over-explanatory tour guides one longs to take aside and bind and gag. And the first scene of foreign policy-making at Henry's court is a torch-lit talk marathon that seems less like Shakespeare freshly brought to life than a bid to discourage

parliament.
The film's finest moment is the code to the Battle of Agincourt: a beautifully sustained travelling-shot across the chaos of war, with the music of a "Nobis Domine" swelling on the soundtrack. Indeed all the later French scenes, dominated by Scofield's frail and foxy French King and lent comic sparkle by Emma Thompson and Geraldine McEwan, show a rainbow coalition of acting styles one has sorely missed

permanently the televising of

But at no point - even here - does Branagh's Henry V hold a flambeau to Olivier's. That richly-coloured picture book, unflagging in élan even when over-insistent in jingoism, is still the best Shakepear ean film ever made. Branagh's is not the worst; but a cry of "Once more unto the drawingboard" should be uttered before Mr B contemplates fur-ther forays into putting the Bard on screen.

have widened with the passage of time and career experience, and gives the impression of

excluding passion, the darker

moods, anything artistically startling or risky. Miss von Stade finished her first half

cally (her top notes tend to

**HENRY V** Kenneth Branagh

COOKIE Susan Seidelman

WIRED

Larry Peerce

Rod Daniel ARIEL Aki Kanrismaki

white hope of British acting than to appear in an under-whelming film of Henry V. He - or in Emily Lloyd's case she - could appear in a movie called Cookie, complete with Brooklyn accent and look of controlled panic. Swapping South Coast England for East Coast USA, the sulky sexpot of Wish You Were Here has become Peter Falk's daughter in the tale of a jail-paroled Mafia mobster (Falk) and his family troubles. Family with both small F and large. Small F family: Falk's foghorn wife Brenda Vaccaro and the tom-Brenda Vaccaro and the tom-boy daughter (Lloyd) he has had by pretty, squiffy mistress Dianne Wiest. Large F family: the Mafia (Michael V, Gazzo, Lionel Stander, Jerry Lewis). How all parties rave, bicker and squabble, and how the tearaway Ms Lloyd gets the longsuffering Mr Falk into trouble and then into a Federal Witness Protection Pro-

Witness Protection Programme: this is stuff of many chortles. Or it should be. Unfortunately the film is directed by Susan Seidelman (of Desperately Seeking Susan) as if desperately seeking the point of it all. And it is written by Silkwood's Nora Ephron and Alice Aslen a if a melt-down took place at the creative core somewhere around page one. The characters never gel with each other, the scenes wait valuey for the ignition of laughter. As for Miss Lloyd, she gets ten points for her success in moving beyond the pouts-and-sulks piquancy of her debut role.
Wired is the "true story" of

actor John Belushi. The comedian and film star, who was as large as a dirigible but had a poorer sense of direction, died of a drug overdose in the early 1980s. Blazing a fitful comic trail on large and small screen

National Lampoon's Animal
House, The Blues Brothers,
TV's Sahrday Night Live – he
burned himself out on drink and drugs. The nature of Belushi's death was a sure guarantee that someone, at some time, would make a martyredby-show-business movie from

his life.

Here it is, And better than it might be. Michael Chiklis is an astounding Belushi lookalike, and an act-alike to match. Around him the screen fills up with other lookalikes: of Dan Aykroyd, John Landis and company. And Ray Sharkey is our chorus figure, a supernatural taxi-driver ("My friends call me Angel") who gives Belushi, after his death, a tour of his

The movie's only enemy — but a major one — is its dialogue, oscillating between the pompous and the purple. "I was attracted by his inability to handle his own intensity burbles an ex-girifriend. "Cut the demons loose, John, cut them loose!" screams a producer, urging Belushi on to greater comic heights. And whenever the viewer settles in to enjoy the tangy and particular, Mac Earl Rauch's screenplay keeps socking him with the general and portentous. "It's not just Belushi's story, it's a story about America" someone tells a sleuthing jour-nalist. No, it's just Belushi's story: with a few cautionary lessons for those using the fast lane in modern Hollywood. Meanwhile Belushi's brother James, unscarred by substance

abuse or bio-pics, continues his own assault on stardom in K-9.

Say the title aloud and you will get the movie's (only) joke. A



Kenneth Branagh as Henry V

dog is a man's best friend and a policeman's best weapon. "K-9" goes everywhere that plain-clothes officer Belushi goes. And ho ho, our lovable Alsatian has funny things hap-pen to him; like being put on a drip-feed in hospital after he is wounded or being driven through a car-wash when be smells. Finally the dog is seriously injured in the final showdown, and we are asked to change emotional course, reaching for our hankles as Belushi mumbles to the world: "He's not just a dog, he's a cop." This film, witless, feebly plotted and sentimental, is not

just a cop film, it's a dog.

Ariel is the week's pleasant surprise. Forth from Finland comes this sombre comedy thriller about love, crime and unemployment: a film that begins with a man blowing his brains out in a tollet and ends with "Over the rainbow" being

sung in Finnish. In between, writer-director Aki Kaurismaki propels his jobless hero through a vari-coloured plot involving wanderings, mug-gings, a jail sentence, an escape, a bank robbery and a sourly funny finale.

All this plus the film's best component: a downbeat romance with a corruptible, none-too-glamorous traffic warden. "Is there anything I can do?" asks our hero on first meeting her, as she scribbles a ticket for his illegally-parked car. "A dinner wouldn't hurt" she says. And soon she has thrown her cap and her job into the road and is hitching her star to society's un-uniformed victims. Dark, comic and determinedly un-moralising, Ariel is a minor-key delight.

Nigel Andrews

# Wolf at the Door

STEPHEN JOSEPH THEATRE, SCARBOROUGH

Alan Ayckbourn, stationed in his accustomed nook at the bar of his home theatre, explained casually how he came across this translation of Les Corbecaux (1882). "I was collecting one of those honorary doctor-ate thingles at Keels University, and David Walker, the Professor of French, thrust this text under my nose."

Henry Becque (1837-1899), whose reputation rests on this play and La Parisienne, is not so much a forgotten dramatist as a completely unknown one. And yet Arnold Bennett counted him the greatest realist of French drama, he was championed by Antoine at the Odéon, much admired in the Russian theatre of his day, and Professor Walker, in the programme, declares that his two major plays stand alongside the works of Ibsen at the

Nothing like Feydeau or Labiche, Becque comes across as an engagingly bitter and dis-illusioned writer, unravelling the poverty trap of a bourgeois household once the head of it, the bluff, hard-working manufacturer M Vigneron, has dropped dead of a heart attack. Buffeted by his failures as both writer and financier, Becque transforms his own tragic sense of waste into a bleak but funny landscape of domestic crisis. The resultant play, certainly in Ayckbourn's adapta-tion, the British première, has echoes of Ben Jonson, Chekhov and Harley Granville Barker. Volpone meets Three Sisters in

The Voysey Inheritance.
The family assembles in Act One for a dinner party, the three Vigneron daughters, their young brother and the music teacher bubbling around the piano like figures in a Tissot painting. But Vigneron's death leaves a situation of financial confusion that is slyly manipulated by a creepy lawyer, Bourdon (Jon Strick-land), and his devious associ-ate, Vigneron's partner, the former banker Teissler (Ber-

nard Hepton).

Vigneron has left only 50,000 francs and a series of incom-pleted land deals. Exactly who receives, or is owed, how much is continuously fudged by false expressions of help and sympathy, until Mme Vigneron and the girls have no money left to defend their fortune. The family is reduced to penury, but the mysterious Teissier traps the middle daughter, Marie (Robin McCaffrey), in marriage; Marie sacrifices herself for the family's economic

recovery.

The eldest daughter, Judith (Jennifer Wiltsie), is denied a career on the musical stage, the youngest, Blanche (Claire Skinner), loses her fiancé thanks to the snobbily materialist intervention of Alison Skilbeck's imperious grande dame. And throughout, Elizabeth Bell gives an exceptional performance of fluttering, tear-stained frailty as the putupon Mme Vigneron, a victim of temperament, patronising male chauvinism and financial ignorance.

The wolf at the door is also Catiline at the gates of Rome. Becque is obviously nailing a common social phenomenon of the day, the bereaved family exploited by old associates. The dramatic technique is deceptive: nothing happens for half an hour, Teissier is announced ("eyes like a fox, mouth like a monkey"), still nothing much. The process is accumulative, insinuating, and I'm not convinced that Ayckbourn's production has yet got the measure of the play's deep rhythms, its poetic groundswell. As often at this address, the acting is sometimes too brittle.

No real complaints, though, about the overall discovery. Plans to present the piece with the Peter Hall Company ran aground last year, but Ayckbourn has persisted valiantly on home territory. Wolf at the Door continues until October

Michael Coveney

# Frederica von Stade

dull.

It is some time since the American messo-soprano gave a London song recital. She has not been forgotten: on Tuesday night, the welcome was reassuringly warm, and at the and the demand for encores was

clamorous. with the Mozart concert aria Miss von Stade is still a "Ch'io mi scordi di te?", K505, lovely artist. A well-planned which taxed her both physiprogramme showed that her strengths are essentially those of her first British appearances, in the early 1970s, when her Cherubino at Glyndebourne and Rosina at Covent Garden won all hearts — a can-didly appealing platform manner and a voice, not large in size, that in its best range remains deliciously fresh and succulent in tone quality. It's an instrument of limpid, easy flow in low and middle

registers; the opening Schubert and Strauss groups were selected to demonstrate that very virtue, and to display Miss von Stade's well-schooled approach to Lieder. "Wo ist Silvia?," "Wiegenlied," and "Geheimes" were of textbook sureness, clean-lined and smoothly sustained; when the songs "Die Musensohn," Strause's
"Begegnung" - Invited a smiling touch, a hint of twinkle or comic ruefulness, the applica-tion was prompt and effortless. After a while I found that the singing began to lack vari-

ety. The range appears not to

# Boiler Room Suite

"Rendezvous," sponsored by the Canadian High Commission, is a mixed bag indeed, and Monday and Tuesday's segment in the Purcell Room brought performances of a fully fledged music-theatre

thin out in colour and, some-times, body) and also, I felt, Boiler Room Suite is essentially a chamber opera emotionally. It was an attracin two acts, with music by tive performance, well sup-Quenten Doolittle and a ported by Miss von Stade's alert pianist Martin Katz; at libretto by Rex Deverell based upon a stage play of the same name. It was given its premiere the same time, it was slightly in Banff, Alberta, less than two weeks ago, and the production is now on a short tour of Britain – after the London dates it will visit Birmingham and After the interval the choice was of mélodies — Honegger (the dashing, concise short cycle called Petit Cours de morale), Debussy (Ariettes oubliées), and five Poulenc songs, Wells-next-the-Sea.

in which Miss von Stade's gamin charm and ability to peal off the words with elegant Doolittle, US-born, but now a Canadian citizen, is professor emeritus of music at the dexterity were delightful. University of Calgary. His work list appears wide ranging. The score for Boiler Room She sings French with great distinction, yet in the *Ariettes* one noted the want of a certain Suite suggests someone with great facility and a good knowledge of operatic idiom; Doolittle himself describes it as rigour, the poetic distancing of singer from song that forms part of the ideal Debussy interpretation, Still, when there is so much that is unforced, true, and winning about this artist, "a synthesis of operatic traditions for contemporary audiences" which explains, I it seems meen to complain. suppose the admixture of Porpy and Bess, Weill, Britten (The Turn of the Screw),

The South Bank's celebration of Canadian music, Bernstein and even Maxwell Davies that appears to make up his recipe.

The boiler room of the title is the basement of a dilapidated railway hotel in which two derelicts, Aggle-and Sprugg meet, drink and attempt to bring some sense of

As a theatre piece, convincingly acted, it could one imagines, achieve a kind of transcendence, a Steinbeck-like triumph of the human spirit. As an opera it fails to take off, for the music provides no extra framework of its own - the dramatic structure whirls through a series of parodied set pieces, literal or metaphorical dances, without ever alighting upon anything that does not seem second-hand or extraneous. The production by Keith Turnbull for Banff Music Theatre, and the set by Gavin Semple do what they can.

Sprugg is sung by Chris Enns, Aggie by Fides Krucker, Kevin Power is Pete, the hotel caretaker whose appearance is the work's turning point. Peter Stanger conducts a seven-piece band. An occasion when good intentions were by no means

# Song recital

ST JOHN'S, SMITH SQUARE

This week The Advisory Committee on Pollution of the Sea under its President Lord Callaghan is launching a campaign to increase public awareness of the dangers in dispos-ing of toxic waste. The charity's recital at St John's on Tuesday was devised by Graham Johnson and one might have expected that the accompanist's well-known delight in putting together thematic programmes would have tempted him into a recital of songs about the sea.

In the event temptation was resisted and there was an attractively mixed programme. But at least the opening item was distinctly green in colour - Beethoven's An die ferne Geliebte, in which the poet sits on a hillside, contemplating nature in bloom, its music all sung with an incomparable sensitivity by Anthony Rolfe Johnson, How magically this tenor can seem to hold a moment of stillness and poetry

in the palm of his hand. The evening, half of German and half of French songs, was shared between four distinguished singers. On the female side the recital was graced with two beautiful voices in Marie McLaughlin and Felicity Lott. Both sounded especially lovely in the resonant acoustic Andrew Clements of St John's, the former com-

pact in tone and drawing vocal lines of exemplary purity in a short selection of Schubert Lieder, the latter singing out with unfettered generosity in songs to French texts. The only other singer among

the Songmakers' friends who can make as much of the French repertoire as Lott is the baritone François le Roux and, as luck would have it, he was here too. This voice may have a characteristically French matt finish and the quiet singing does not come as easily as he would like. (The end of Hahn's "En sourdine" evaporated into a rather unhappy tremulous falsetto.) But for the successful fusion of words of music in mélodies there are fewtoday to touch him.

The evening ended with Felicity Lott at her most stylish and sensuous in Poulenc's idiosyncratic La courte Paille. There is a world of perfumed drawing-room elegance here that Lott understands to perfection, but the cycle ends on a more rarefled note with "Lune d'avril," a post-war vision of a land where there is joy and light and where all the guns have been destroyed — a pointer, perhaps, towards a theme for other charity recitals in the future?

Richard Fairman

### From the Mississippi Delta YOUNG YIC STUDIO Endesha Ida Mae Holland

mixed with prostitutes, pimps and hustlers, many of whom attended the ceremony of her doctorate: the triumphant cli-max of a late identification with the Civil Rights move-ment. The black girl's previous largest audience - in a fair-ground - had been for her ability to smoke a cigarette from an orifice not usually

familiar with tobacco. This is described in the Pulitzer nominated play, as is the death of her mother, a charred body trapped in the house set alight by the Klan. If it sounds grim, it is also moving and heartening. There is humour (not all intelligible in the all too convincing southern accents affected by the cast of three women) and there are songs. Above all, co-directors Annie Castledine and Sue MacLennan have produced beautiful performances from the three actresses who have never been so powerful, absorbed and unfailingly, almost instinctively, right.

The narration is passed from one actress to another; they also share each character. Though the form is anecdotal and personal (presumably autobiographical), therefore, the implication is general. We hear of the 11-year-old's deflow-ering, of her mother's gifts as midwife, her drunken brothers. Intriguingly, the Civil Richts movement is seen as sinister and frightening, heralded by dogs howling in the night, the uneasy household sensing that something momentous has arrived. Them there Civil Righters coming here like a thief by night" are seen by the older blacks as trouble-makers; and the predicted white reaction is terrible.

The show is too long. It ends with a litany of names that mean nothing to us and which seems to be tacked on like a postscript cramming too much information in References to the author's child are fleeting and offinand — one would like to know more. But the produc-tion, supple, physical, stylised against a backing of corrugated iron with a jutting awning-cum-platform reached by ladders (to Iona McLeish's design) carries tremendous conviction. The three well contrasted players are Joy Richardson, all sturdy eagerness and spontaneous emotion; Josette Bushell-Mingo, gawky, comic, bursting into the ugliness of grief, and singing the haunting "Strange Fruit" beau-tifully; and Angela Bruce whose classic looks (a Roman empress from the southern end of the empire) contribute to a

Martin Hoyle

### ARTS GUIDE

**EXHIBITIONS**: London

The Hayward Gallery. Andy Warhol – two years after his death, a comprehensive retroeach, a compressive terms of this sem-inal yet ambiguous and still con-troversial artist, since he turned to painting from graphic design in the early 1960s. Sponsored by BP. Daily until November

The Royal Academy, The Art of Photography 1839-1969; in cele-bration of the 150th anniversary of the first practical demonstra-tions of the medium, this large and impressive exhibition leads the visitor through the practical developments and aesibetic variations and experiments in the use of the medium, from the work of the earliest pioneers in France, England and Scotland, up to the present. Daily until December 28. The Royal Academy. Gauguin and the School of Pont Aven

- a fascinating study of the prints made in the 1980s and 1890s by the loose society of artists that came together at Pout Aven in Brittany, of which Gau-guin was the leading but not necessarily, at the time, the out-standing figure. A handful of standing figure. A handle to related paintings is shown, and there are outstanding groups of prints by Smile Bernard. Armand Seguin and the Irish-man, Roderic O'Conor, among several others. Sponsored by Banque Indosuez and W.I.Carr. Defly until November 19.

Musée des Aris Decoratifs. Je suis le Cahier - Picasso's sketch-books. After two years of meandering the world over, the exhibition ends, spity, in Paris. The 40 sketchhooks covering a period of 64 years follow closely Picasso's development. There is the almost sugary rendering of the mother and child theme next to the cruelly distorted female faces, there are all the facets faces, there are all the facets

a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons. 1, R. des Fosses-Saint-Bernard. Ends Jan 14 (40513838). public as a dramatic entrance to one of the world's most ance royal palace only

century townhouse — Hotel Biron — contains the life work

of Picasso's inventive genius 107, Rue de Rivoii (42603214), closed Rue de Kivoli (4266214), closed
The, ends December 31.
Institut in Monde Arabe. EgyptEgypt. An exhibition of 25 chefd'ocuvres, including the most
recent finds, starts with statues
and bas-reliefs dating from the
middle-empire, continues with

Max Loppert

The Louvre. The glass pyramid, built by LM, Pei, the Sino-Ameri-can architect, has opened to the famous museums. Rrected as a medieval fortress in 1204, the Louvre later expanded into a to be turned into a museum in revolutionary 1798. Open 9am-

6pm, Mon and Wed until 9.45pm, closed Tue. Musée Rodin, A delightful 18th of Auguste Rodin, whose power-ful genius opened the way for modern sculpture. 77, rue de Var-eune, closed Tue. Musée d'Orsay. The spectacuisr museum of the 19th century is situated opposite the Tuileries gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. It houses paintings, sculptures, objets d'art and photographs from the end of the

romantic period to the begin nings of modern art and the impressionist and post-impres-sionist collections formerly in the Jeu de Paume. Entrance to the museum is at 1, rue de Belle-chasse (45494814). Closed Mon.

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-223978).

Enropalia Japan 88. Having cele-brated the art and culture of Austria two years ago the Europalia turns to the east this year, bringing to Belgium the most spectacular festival of Japanese arts outside Japan, Art, music and theatrical events will be on show across Brussels over the next three months until the festi-val ends on December 17. Palais des Beaux-Arts. The Human Figure: millennia of Jap-anese art — an overview of Japa-

nese art from 3000 BC to the 19th century which opens Wednesday

and ends November 26.
Banque Bruxelles Lambert, Japanese Buddhist Art from the
Hyogo prefecture exhibits works
from the 7th to 19th century.
Opens Thursday, ends October Tzwern-Aisinber Fine Arts. Le

Cercle des XX, late 19th century Belgian Painters. Closed Mon, Sun. Ends Oct 31.

Bruecke Museum, Bussardsteig 9. A Franz Marc retrospective with 180 drawings and aquarelles (1880-1916) most of the German expressionist painter's works, can be seen for the first time until Oct. 29. His famous handcoloured print of two horses, one blue coloured the other redblack, with a red, blue, yellow and green ground, was published in a luxury edition of the almanac Der blaue Reiter.

### Munich Stadtische Galerie im Lehmbach-haus. The most complete retro-

spective of the expressionist painter Karl Schmidt-Rottluff to date with almost 370 works from 70 privateand public collec-Stadtisches Kunstmuseum, rathausgasse 7. Glanzlichter, 40 years of government support for art. This exhibition shows

for the first time selected works of art from 11 centuries and

attempts to present an impres-sion of all aspects of culture dur-

ing this period, with the help of government, foundations and private sponsorship. Works by Albrecht Dürer, Wolf Huber, Antoine Watteau, Heinrich Voge-ier, Max Beckmann and Meissen porcelain are on display.

### Vienne

Secession. The highlight of the next few weeks will be the 100th anniversary of the birth of Lud-wig Wittgenstein, the philoso-pher, architect and craftsman who until recently had not been appreciated by his fellow countrymen. Ends October 29 and not to be missed.

Russian and Soviet Art: 1870-1930. Renzo Piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Carandente an immensely effective setting, turning the ground-floor workshops of the disused Fiat factory into the equivalent of an Arab tent. Ends October 20.

### Venice

Palazzo Grassi, Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Pontus Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and chema. The exhibition ends with two blown-up stills from

films by Visconti and Rossellini. Ends Nov.

### Mantua .

September 28-October 5

Palazzo Te, Truttiere di Palazzo Te, Reggia Gonzaghesca. A vast exhibition devoted to Giulio Romano, Raphael's favourite pupil, who spent the last 20 years of his life in Mantua, producing masterpieces of architecture, painting, engraving and fresco. Ends November 12.

### Florence

Forte di Belvedere, African Art: The Roots of Modern Art. One hunded and fifty sculptures, mainly in wood, produced by 66 different tribes spread through central, western and southern Africa. Ends Oct 29.

### **New York**

Whitney Museum, A special exhibit from the museum's extensive holdings of Edward Hopper highlight the realistic painter's Paris and domestic scenes among the 150 pieces in all media. Ends Nov 5.

### Chicago

Art Institute, Fixing the Shadow shadows the history of photogra-phy at its 150th anniversary. Of the millions of possible contribu-tions, the exhibit focuses on 400 pieces by 200 photographers organised chronologically. Ends

# Deborah Harry

BORDERLINE, CHARING CROSS ROAD

Among the torrent of middle aged pop stars launching them-selves like Kitchener's Old Contemptibles on the UK this autumn the most welcome must be Blondie, or rather Debbie Harry, sorry, Deborah Harry, as she calls herself for this week of engagements at the Borderline, a cheerful cel-lar club off London's Charing Cross Road.

For a start Deb, the much pouted public face of the 1970s, still looks fantastic, like a fallen angel, like a seductive Midwitch Cuckoo, like a metallic Marilyn Monroe. She wears her 44 years as comfortably as her fake tiger skin dress. It is also good to see her performing alongside husband Chris Stein, for many years an invalid but now keeping a watchful almost paternal eye on his meal ticket as he coolly plays at a parody a

guitar hero. To add to the pleasure the Borderline is the ideal cramped setting for what was one of the first garage bands in New York in the early 1970s. The years have put Blondie into serious historical perspective: they can now be seen as the one New Wave band which managed to appeal to the disco crowd, with songs like "Heart of Glass." They were also pioneers of rap, as in "Rapture," well done this week. In the end Blondie fell very suddenly down the gap

between the two schools of

fans but now the hits, often written by Stein, return like school hymn tunes, familiar but fresh, and very singable.

She is here to plug a new album but the recent songs, apart from a penchant for slow numbers, thankfully show no musical development, and a high quota of hits - "The Tide is High;" "Call Me;" "Dream-ing" etc - is played through a non-stop blistering 90 minute

Debbie Harry has softened up a bit. She sweats, she even moves her arms like a Thai dancer, and speaks the odd word of encouragement to her fans. The aloof automaton has become a real woman, but still volnerable, as in the way she reads off the lyrics even of old songs, songs like "Touched by your presence, dear," which highlight the waif behind the make up.

The band is intriguing in the American way - a hunk of a bass player performing well while perfecting a totally vacuous stare; two leather clad girls on rhythm guitar and keyboards pushing the visual quotient sky high; and a commitment to unpretentious noisy unsubtle fun, seldom found these days. The only drawback is that fire regulations limit the attendance to around 300.

Antony Thorncroft

### FINANCIAL TIMES

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Thursday October 5 1989

# Unloved but still needed

CIRCUMSTANCES could hardly be less propitious for the celebration this weekend of the 40th birthday of the German Democratic Republic. It long ago abandoned the claim to embody the socialist vanguard of the whole German nation. But the proposition that there is a separate East German nation is just now looking thinner and more arti-

ficial than ever.
The GDR's claim to permanence is based on a different proposition: that the current European state system, and state frontiers, are the product of too much bloodshed for it to be worth anyone's while to call them in question. That proposition does have much to recommend it and has been widely accepted - perhaps more widely west of the Elbe than east. Western governments were happy enough to accept the GDR into the family of states once their own German ally had given them the green light to do so; and most West Germans now regard closer human ties with fellow-Germans as more important than a hypothetical merger of the two states into one.Do East Germans feel differently? It is often asserted in the West that they do, and the exodus of East Germans towards the West is now adjudged as proof.

Yet the migration is not an attempt to solve the German Problem. It is the product of decisions by individuals and families to put their private interests ahead of any collective political programme. Few if any have given the division of Germany as their reason for leaving; and among those left behind those who are pressing most strongly for change are not calling for reunification. They accept the existence of the German Democratic Repub-lic, but would like it to live up to its name.

### Large majority

If a referendum were held in both states, free from any kind of political pressure, no doubt the result would be be a large majority in favour of unification. But that cannot happen. Most Germans are very well aware that the division of their country is not their affair alone. It is part of a postwar kept the peace for 40 years, a tragic end.

keystone which cannot be suddenly removed without bringing the whole structure crash-

ing down.

That does not mean that the structure can or should be left exactly as it is. Its weight bears much too heavily on some, and it looks increasingly vulnerable to subsidence as the opposing pressures which kept it upright have been relaxed. Everyone has benefited from that relaxation and no one wants to reverse it. So the structure needs to be modified in a way that makes it less oppressive for those under-neath without alarming those who have relied on it for their security. To some extent that is already happening, through the Helsinki process and the related arms control talks.

### Changing relationship

These are gradually changing the relationship between the alliances to which the two Germanies belong. But actual unification of the two German states would be possible only if they were first to leave their respective alliances, or if the alliances themselves were to be dissolved. Neither of those propositions is on anyone's propositions is on anyone's short-term agenda. If it happened it could only be at the very end of a long process of transformation in Europe as a whole, by which time German unity might be "no longer necessary or indeed meaningful", as the West German historian Michael Stürmer has written.

Mr Honecker and his puta tive successors can rest assured that no one is trying to demolish the GDR unless possibly its own citizens, and they only if they are driven to it. Given the prospect of greater freedom and better economic opportunities at home, they would also share the general interest in postponing the satisfaction of their national aspirations, or seeking other out-lets for them than a unified nation-state. East Germany has come nearer to making a success of a centrally planned economy than any other com-munist state. It can surely do the same with perestroika, if only it will soon start trying. By postponing the attempt it risks an explosion which could bring both perestroika and

# The rebirth of planning

Environment Secretary, is moving swiftly to establish his green credentials. One of the last decisions of Mr Nicholas Ridley, his predecessor, was to grant provisional approval for the creation of a new town at Foxley Wood, Hampshire. Mr Patten yesterday reversed that decision, saying he was minded to dismiss the developers' appeal. More important, he issued a consultation paper set-ting out new draft guidance on planning and development. This proposes to scrap the con-troversial "presumption in favour of housing develop-ment" introduced by Mr Michael Heseltine in the early 1980s.

Mr Patten is not contesting the need for substantial housing development in London and the South East, Like Mr Ridley, he is working on the assumption that around 600,000 new homes will have to be pro-vided during the 1990s. He accepts that the proportion of land in urban use will have to rise by about 1 per cent between now and the end of the century if demographic pressures are to be accomodated. But he also believes that greater attention will have to be paid to deeply felt environmental concerns. More decisions, he argues, will have to be made locally and fewer in Whitehall.

### Costs distribution

Central government, says Mr Patten, can legitimately take a view about the distribution of the costs of development in the South East. In consultation with the various planning authorities, it will thus arrive at a figure for the number of new homes each county is expected to provide. But it will then be for counties and districts, in the light of local optnions and concerns, to decide how and where these requirements should be met. In future, argues Mr Patten, plans which are realistic about the overall level of development are "likely to carry considerable weight": in other words, local decisions are not going to be overturned by the Secretary of

The Foxley Wood decision conforms to this logic. There will be no change in the total number of houses Hampshire will have to provide over the

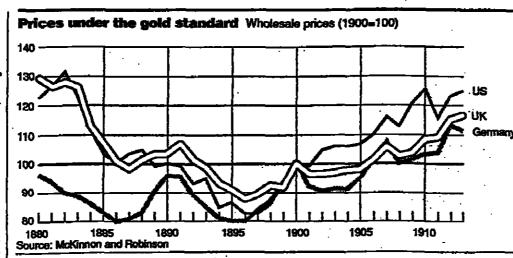
MR CHRIS PATTEN, the UK next decade. But Mr Patten is defending the right of the county council and districts to determine the distribution of that development. In particu-lar, he is arguing that central government should not take too rigid a view about the desirability of particular kinds of development. Many people favour the creation of new settlements such as Foxley Wood. Mr Patten's view is that they should not be foisted on unwilling communities: a development is likely to be a long-term success only when it has the backing of counties and districts.

The volte face on Foxley Wood and the scrapping of the presumption in favour of housing development will be interpreted in some quarters as a craven capitulation to the not-in-my-backyard-brigade. Mr Patten, it will be said, is pandering to the selfishness of the middle classes, who do not want to share their environmental pleasures with others. Instead of confronting the country's development needs, he is cynically adjusting policy in advance of next week's Tory Party conference.

### Local responsibility

Yet Mr Patten is not proposing to build any fewer houses than Mr Ridley. He cannot, therefore, be said to be anti-development. But his approach to development does appear to differ significantly from that of his predecessors. In the first place, he is making a case for increased local responsibility, something which has not been high on the Government's agenda during the 1980s. More radical still, he is defending the concept of planning, which he claims to regard as an essential tool in environmental management. The planning system, he says, is needed, to help us identify choices.

Planning has been a dirty word for so long that it seems strange to hear a minister singing its praises. But much has changed since Mr Heseltine shifted the balance of power in favour of developers. The merits of Mr Patten's prescription for environment-friendly development will not be apparent for some years. But the change of emphasis he is advocating is likely to win immediate sup-



he distinguished Aus-

be the greatest lover in Austria-Hungary, the best horseman in Europe and the great-

est economist in the world. He

failed in the second because he moved to Harvard where there

were no horses.

But Schumpeter deserves to be remembered for more than

anecdotes. In contrast to econ-

omists who judged capitalism lacking in its ability to satisfy known wants with known tastes and technology, Schum-peter celebrated the role of the

innovating businessman who

rendered existing economic structures obsolete in a "gale

You might then think that he would have become a patron saint of the New Eco-

nomic Right along with Hayek

and Friedman. But somehow he has never quite made the

pantheon; not only because he died in 1950 before it became

fashionable to celebrate capi-talist achievements. I suspect

that modern pro-capitalist poli-ticians would have been quite disconcerted to meet him alive.

My suspicions were con-

firmed by an authoritative book on Schumpeterian Eco-nomics\*. The most illumina-

ting chapter is by Erich Streis-

sler, who not only gives a

fascinating account of the nuances of title and status in

pre-1914 Vienna where Schum-

peter wrote his pioneering

works, but explains what it is in his doctrines that would

Schumpeter's views

the respectable

society of his day

make the respectable uneasy.

For - I can hold back no longer - Schumpeter believed that the inflationary effects of

credit expansion stimulated

economic growth, a view that was particularly shocking to the officers and civil servants

who made up so much of respectable Viennese society. Schumpeter asserted that an

inflation caused by commercial

credit expansion was to the

advantage of entrepreneurs; and that their advantage

became the advantage of all

groups of society through their

about economic growth.

There was some evidence to

support the great man. In addi-

tion to its celebrated cultural

achievements, Austria-Hun-gary in the early 20th century saw an unprecedented rise in

business profitability - and

investments which brought

shocked members of

of creative destruction.

trian economist Joseph Schumpeter

had three wishes: to



Joseph Schumpeter

### ECONOMIC VIEWPOINT

# Lessons from Old Vienna

By Samuel Brittan

perhaps in economic growth. Yet there was consistent consumer price inflation during those years; and the rate of credit expansion would have enraged today's financial puri-

other aspects of that infla-tion would be equally familiar and horrifying to them. In the background was a budget desi-cit due to the arms build-up. But Austrian industry escaped the usual, crowding-out because the deficit was financed mainly from abroad. Professor Streissler, writing in the Vienna of the 1980s, is clearly puzzled. After the expe-

rience of this century he cannot believe that prolonged or large scale inflation is any-thing but extremely harmful and to far more than the pecking order in the polite salons. Yet he feels that Schumpeter had a point on the evidence available to him.

I have myself often felt that the qualities of a successful capitalist system enjoying price stability are not well rep-resented by the more mechanistic forms of paper money monetarism, nor by rage from Conservative leaders when the underlying inflation rate rises by the odd couple of per cent in a period of rapid expansion. The basic question is: does sound money, or the absence of inflation, mean that there

should not be any changes in the overall level of prices from one year to the next? No, if you look at the matter historically. The pre-1914 gold standard provided a more durable basis for price stability in the main economic centres of the world for at least 40 years prior to the First World War; and in Great Britain for no less than two and a half centuries. During the gold standard there was no long run inflation worth mentioning. US wholesale prices, for instance, increased by an

annual average of only 0.1 per

But now comes a surprise. The variability of prices around this flat trend was greater than the variability of prices around the more infla-tionary trend that has prevailed since currencies began to float in 1973.

The chart explains why. The earlier flat general trend was the result of a downswing in prices averaging 2 per cent per annum up to 1896 and an upswing of comparable magnitude until 1913. Superimposed on these medium term move ments were even stronger cyclical fluctuations.

Nevertheless the most important characteristics of a stable system were preserved. The best assumption a person could make, looking ahead on the basis of past experience, was that prices were as likely to fall as to rise. Thus longer term investment was made on the basis of stable prices. A breadwinner could plan for the future of his grandchildren or his business knowing that nei-ther inflationary nor deflationary movements would get out of hand, but on the contrary would ultimately be reversed.

Because beliefs about the price level in the longer term were so heavily anchored to expectations of zero inflation, actual changes in price had little effect on nominal interest rates in the major countries. ably stable, staying around three to four per cent band.

This stability of nominal rates puzzled 19th century observers. Professor Ronald McKinnon, from whom these estimates are taken, attributes it (in the paper cited in Mon-day's Lombard column) to the absence of alternative liquid assets when all the main currencies were linked and offered similar inflationary or defla-tionary risks. I would put more

ary premium to interest rates.
In this framework Schumpeter's mild inflationary booms fit very well. They were possi-ble and even virtuous because of the underlying expectation that prices would return to normal, although no one knew quite when. In the meanwhile the price level could take the strain of a domestic boom, rearmament, minor wars, a

impredictability and long term

stability of prices which made it hard to attach an inflation-

crop failure or whatever else was producing pressure.
All economies need safety valves and a temporary rise or fall in the price level is a natu-ral such outlet, so long as there is an ultimate monetary standard in the background.
Otherwise, it would be as dangerous to disregard a little inflation as it would be to dis-

regard a little pregnancy.
In the end, the world will have to move on to some new international monetary standard; and if some politicians insist on seeing this as a diminution of national sovereignty, so much the worse for sover eignty. It is moreover unlikely that such a standard will just take the form of a promise to convert pieces of paper into

other pieces of paper.

At present, only fragments of such a system can be erved, for instance the currency co-operation of the Group of Seven. Critics are right to point out that such arrangements are potentially inflationary if they take the form only of intervention.

In the 19th century, prices varied about their trend more than they do now

without any parallel commitments in monetary policy or any guidelines for the system as a whole. The world economy functions as well as it does because of the devotion of two of the key countries, Japan and Germany, to price stability and their reluctance to finance unlimited US inflation.

decades that it will take to build an effective international system, a better safeguard is required than changeable national characteristics. A new standard will not necessarily be based on gold, but it is likely to be linked in some way to actual goods and services, either through convertibility, at least an indexed link.

\*Schumpeterian Economics, edited by Helmut Frisch, Prae-ger, London and New York, 1982.

# BOOK REVIEW

# Industry in the 1980s

here ought to be a rule against business journalists writing books about business. We in the trade know the temptations: something for the curriculum viace and a better shot at immortality than last year's cuffings book. The trouble is that we lack almost all the necessary qualifications.
The journalist's material is

events, and his technique narrative. At a pinch, this may do for a book on Mike Tyson's ttest fights or the career of David Owen. But for more complex topics like British industry in the 1980s, different techniques are needed. Some are technical, but most important is the historian's ability to place things in context.

Andrew Lorenz is an experi-

enced journalist, and it shows. He has almost no capacity for generalisation, and is fatally generalisation, and is ratally attracted by particulars. Like most journalists, he is given to chewing over the stuff of old headlines: events like contested takeovers, which are wonderful stories on the day regardless of whether they actually mean anything. His thesis on British indus-

try under Mrs Thatcher is familiar. Ever since the war. Government had intervened in industry to disastrous effect Mrs Thatcher stopped interfer-ing and walloped the unions instead, so everything flourished again.

The devil's advocate might reply that British industry is kidding itself: that its hardwon gains in profitability and managerial authority are essentially cyclical phenom-ena. Lorenz does not address the question of what might happen in the next downturn; indeed, there is little in his book to suggest that the late 1980s were a period of cyclical upturn at all

More remarkably, he gives almost no thought to overseas amost no though to overseas-comparisons, except when he is quoting others. Journalists are busy folk and have little time for original research, even if they are equipped for it. But it will scarcely do to describe operators in international mar-kets like British Steel and GEC without considering how the 1980s have treated their foreign

Within the UK, the spirit of the decade proves difficult to define. Lorenz's exemplar is BTR - "the definitive British company of the 1980s." We are given a minutely detailed account of BTR's takeover of Dunlop, on the grounds that this is old-style industry being swept aside by the new. More likely, it is a simple case of rotten management being replaced by professionals, as is Hanson's takeover of Imperial also exhaustively described.

It is assumed throughout that bad management is a thing of the past. This follows from the lack of economic context, and disguises the fact that in the second half of the decade it took some kind of

A FIGHTING CHANCE By Andrew Lorenz Hutchinson, £15.95

special talent not to produce better margins and productivity. The book does not ask what might happen to some of the more recent arrivals when the more recent arrivals when the going gets rough. Lorenz sees as the successor to BTR and Hanson the recently formed Williams Holdings. He could be right, but the stock market is less sanguing: the shares have underperformed the market by a third in the past eighteen months.

As is once more to be expec-ted from a journalist, the style has its newspaper oddities; the single sentence paragraph, for instance, or the devices we use to introduce direct speech: "Says the ex-MD"; "Green notes", "One insider says." Familiar too, is the cavalier way with the direct article: "new DTI secretary Paul Chan-non", "mattress-to-car seating company Dunlopillo." But let us not quibble. There are worse schools for writing than the newspaper trade, and the book is more readable than the average academic text.

Other good points include an interesting description of how BTR works, with plenty of detail from the managers themselves. The regime is described by a former Dunion executive: "BTR exerts a subtle kind of pressure. In the end, some of it is self-indicted. You know what you've got to perform against, which you never did under the old Dunlop. Soon I was saying to my managers, I don't like any shocks, so we ran some financial ratio reports weekly. I got like BTR."

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What one misses is more of the same: research behind the headlines, and — above all the capacity to draw concin-sions which might hold good for industry in the future. There is a real topic here, largely to do with the managerial class in Britain and how they perceive themselves, their status and their freedom of action. Their lot has improved radically, not only in terms of the money they have taken to paying themselves. But the phenomenon is tricky to define, its complexity iliustrated by the fact that whatever effect the Thatcher revobution has had on management the private sector.

I have in front of me a chart from the London Business School, comparing improve-ments in productivity in the past five years among privatised companies and those still owned by the state. There is nothing to choose between them. That sounds like an excellent subject for a book; as a journalist, I solemnly promise not to write it.

Tony Jackson

### Propping up the pound

A day when the pound wobbled was an appropriate time to honour George Preston the man who used to look after intervention policy at the Bank of England. Preston is now 80 and retired

from his final job as a member of the board of Mase Westpac last week. Yesterday he was the guest of honour at the Lombard Association, a City body that was founded in 1980 to encourage foreign bankers to meet each other. Now it has speakers like the Chancellor of the Exchequer, Nigel Law-son, and his Labour shadow, John Smith. Preston is thought to the first of the Association's own members to be honoured

in this way.

He talked about "The City as I see it", but to Observer he talked about the past. His banking career started in the 1920s with the British Overseas Bank. He went to the Bank of England in 1939. After that, he saw it all: the beginnings of the Marshall Plan, the OEEC (as the OECD was first called), successive sterling crises and the beginning of the end of the Bretton Woods system.

Preston was very much around, looking after intervention policy, at the time of the 1967 devaluation. "There come a point when you see the inevi-tability," he said yesterday, and it is spitting in the wind

He declined to say precisely when he reached that conclusion himself — "it's all a political decision" — but he left the impression that it was rather earlier than 1967. He does not think there is

much wrong with the

Commence of the control of the contr

exchange rate today though not being pegged helps", though there are limits to intervention policy. "The right fiscal policy is essential." Preston left the Bank in 1968 to help raise the profits of the Standard Bank. The central bank then persuaded him to help retrieve Johnson Matthey

# **OBSERVER**

Bankers, and when the JMB bullion and banking business was acquired by Westpac, he joined the board of the subsid-iary, Mase Westpac. "All my recent interest has been in gold," he said. But at 80 he "has done his stint." Not even another consultancy.

Lost balls

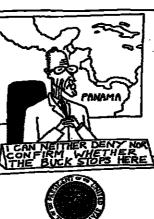
William Hughes, the chairman of Grampian Holdings, was quoted yesterday as say-ing: "The UK and European goff ball markets were depressed by the influx of golf balls reclaimed from lakes in the US, which made trading conditions very difficult." Nev ertheless, Grampian profits went up.

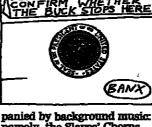
Wrong music ■ Observer is frequently the

recipient of complaints about third parties. No objection to that - some of them are very interesting - except that one cannot pass on them all, and some of them are unreasonable. One complaint, however,

has recently come from several sources. It is about companies playing recorded music while you are waiting to speak to them on the telephone. Accountants have started to do it in a big way. The worst offender is reported to be Price Waterhouse: not because it plays the worst music, but because it tries to play the best. The trouble is that the call usually gets through during some exquisite passage on the clarinet, which is sud-

denly broken off. British Airways is an offender in a different way. Many readers will be familiar with the recorded message about special offers and other irrelevant information while you are waiting to get what you want. This is now accom-





namely, the Slaves' Chorus from Verdi's Nabucco. It seems an odd approach for BA to take to its customers.

Unctad at 25

■ There was a time was when Uncted — the United Nations Conference on Trade and Development - was seen as the voice valiantly upholding the cause of the poorer nations against the rich.

Its 25th anniversary came and went yesterday with little to celebrate beyond a reputation as a talking shop with a limited record of achievemen The reason? Oswaldo de Riv-

ero, the Peruvian ambassador in Geneva and head of the Latin American group at Unc-tad, said the body had become largely irrelevant because it had failed to realise that the divides between East and West and North and South had fallen apart

More to the point is the fact that the former "South" - now far from being the unified group which could thump the table and claim more from the predatory "North" - sees a grander future in Gatt, the

General Agreement on Tariffs and Trade It used to be argued that Gatt and Unctad should merge, or even that Unctad should take over. Fashions change: the member countries of the former South - with rare exceptions — are now partici-pating in the Gatt Uruguay Round on liberalising global trade with zeal and construc-

tive criticism not previously

Light touch ■ Professor Alan Budd, once

an adviser to the Treasury adviser and the former head of economic forecasting at the London Business School, is now the adviser to Barcleys. He is about to embark on a tour of Barclays branches, and the bank's important customers are being invited hear him. He may wonder what sort of people some of these cus-tomers are. In Liverpool, their invitations promise them a "light finger buffet" after-

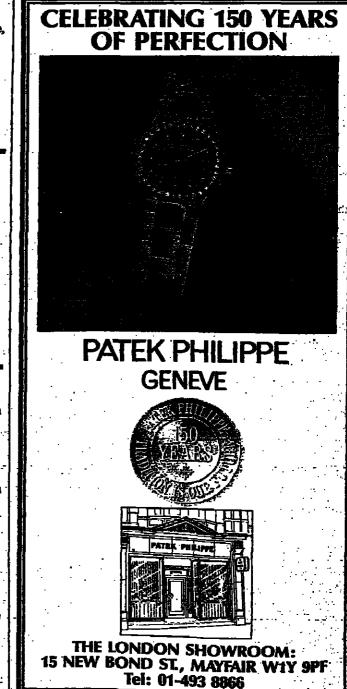
Honecker's day

■ East Germany's leader, Rrich Honecker, still has at least one friend in the West. At a grand dinner in East Berlin on Tuesday he told the assembled heroes of East German social ism that he had just received a message from a world-famous publisher. East Germany, the message

ran, should be proud of its achievements on reaching its 40th birthday and could look forward to another 40 years with confidence; quite right, added Honecker. The publisher was Robert

Pol Pot's lot

■ Question on the BBC 1 quiz show, Four Square, yesterday morning. What is the Moslem equivalent of the Red Cross? Contestant's answer: "Is it the Khmer Rouge?"



Alan Pike reports on the Church of England's part in the debate on poverty in the UK

# Faith and Pharisees in the city

ensions between the Government and the Church of England have risen again this week with warnings by Dr Robert Runcie, the Archbishop of Canterbury, that Britain risks developing into a "Pharisee" society of

In an interview with Director magazine, Dr Runcie pointed out that the Church had a presence in every parish, putting it in daily contact with areas where the Conservative Party had little support. This made it sensitive to the needs of those who had not benefited from 10 years of Conservative

Generations of clergy have worked among the poor of the big cities for as long as urban society has existed in Britain. But during the 1980s the Church of England has been approaching its mission in the inner cities with fresh zeal. The church's renewed identification with inner city problems has had a deep impact — most noticeable, perhaps not surprisingly, in dioceses like

Liverpool.

Emmanuel Church, Fazaker-ley, five miles from Liverpool. city centre, has, like many in urban areas, been adapted for many other uses. During the day it bustles with the sounds of a children's play group and an old people's lunch club. Across the road, the church's welfare rights centre advises callers with social problems. Above the centre are the offices of the church's training agency — an official part of the Government's Employment Training scheme - which pro-vides more than 300 trainees with painting and decorating, joinery, office, heavy goods vehicle driving and other skills. The agency has a budget of nearly film a year and the "team rector" of Emmanuel, the Rev Christopher Byworth,

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In addition, there is a church-run victim support scheme to counsel people who suffer from the area's high rity advice service to try to get the crime rate down.

Mr Byworth sees the time he spends on these activities as a natural part of ministering to a disadvantaged inner-city com-munity. They supplement his spiritual duties, rather than supplant them. Congregations at Emmanuel have trebled in the six years he has been team rector and now consist of about 130 adults and 60 children, more than respectable by inner-city standards. "I do not believe you can

divide the Church's activities into either the spiritual or the material," he says. "The Church has to minister to the whole human being. "People in Liverpool are affected by things the Govern-ment does, and bringing Circist to the community requires taking account of that. I preach about all the moral issues and believe they are of central importance, but I speak about the social and the political

issues as well." The church itself is not mune from the problems of difficult inner city areas - the Roman Catholic church near Emmanuel is surrounded by closed-circuit security cameras. But Mr Byworth believes local people — including those who are not themselves worshippers - recognise that the church has a role to play. "My wife and I were awoken

at 3 am a few nights ago by two teenage girls, aged 14 and 15, who had run away from home. The connection was that I had buried the 14 year old's grandmother two years ago. This is typical of the way peo-ple in the area sometimes come to the church when they need

Clearly the area has real problems. Things like poverty are relative, and people living in inner-city Liverpool are not poor in the same sense as many in the Third World. But they are poor in relation to others who live elsewhere in the city, and this is a real form



of poverty too."
In 1985 the Church of England published a report called Faith in the City, after an investigation into the prob-lems of urban priority areas. Some senior clergy now admit that, with its references to the Government's "dogmatic and inflexible economic stance" and its calls for greater public spending, the report demanded the unattainable and helped brand the Church an opponent of Government economic poli-

But Faith in the City has had a huge impact within the Church of England, helping to put it "officially" on the side of the poor. "The Church cannot supplant the market or the state," concluded the report.
"It can, as we recommend,
mobilise its own resources in a way that accords high priority to the poor. It must by its example and its exertions pro-claim the ethic of altruism against egotism, of community against self-seeking, and of charity against greed." One of the practical effects of

this conclusion was the establishment last year of the Church Urban Fund, a Church of England charity which plans to spend £2m a year on projects in the inner-cities. Parishes throughout the country are contributing money at a remarkable rate - more than £12m has already been raised

from local church donations. In the area covered by Mr Byworth's team ministry, the fund is providing £50,000 towards the £85,000 cost of converting St George's Church on the Sparrowhall council estate. The estate has no community facilities, and the church will be equipped for use as an advice centre, hall, offices for a victim support service and community worker as well as

Although Liverpool City Council is currently planning housing improvements at Sparrowhall, the estate shows signs of severe deprivation. The application for Church Urban Fund financial support describes it as an area of "high unemployment, poverty, poor housing, drug abuse, crime and vandalism." Mr Byworth says that, out of the small local congregation of 25-30 who worship at St George's, only two or three have jobs and none owns

He points out that the clergy are the only professionals who still live in such areas. "There is a very good doctor but he, like everyone else, travels in from outside."

In inner-city Liverpool at least, there can be no serious contest over Dr Runcie's claim that the Church is more rooted into the local community than the Conservative Party. None of Liverpool's six MPs

is Conservative and the party currently holds only two seats on the city council. Conservative municipal candidates in some inner-city wards do well to achieve 10 per cent of the Labour vote. A sign over the local Labour club near the Sparrowhall estate declaring that "it's better to break the law than break the poor" shows the flavour of some people's politics around here.

Church leaders like the Rt Rev David Sheppard, Bishop of Liverpool, were talking and writing about poverty and powerlessness in the innercities long before publication of Faith in the City. With the inner cities an issue on which the Government will have to defend its record at the next General Election, however, sermons about the plight of the modern urban poor are sometimes seen as political attacks. The Government wants the voluntary sector to pick up

more of the community work undertaken by statutory agen-cies and the role of local churches in this area could grow. But, as the Church of England's response to Faith in the City shows, organisations based on strong principles do not simply carry out social work. They discuss the causes of the problems as well; and that sometimes means their leaders will raise passions

when they speak out.

**EC-Japan trade** 

# D-Ram dumping threatens users too

By Jürgen Knorr

ttacking the European Commission for taking action against dumping is popular and provides good copy; sometimes in the report-ing, the facts are obscured. Thus press comment on the current case relating to Dynamic Random Access Memories (D-Rams) shows little evidence of analysis of the facts, but has nevertheless strongly criticized the Commission's action in negotiating with Japanese producers an undertaking not to resort again to dumping of D-Rams in Europe.

The facts are: ● In 1984, 1985, and 1986, cer tain Japanese producers sold D-Rams in Europe at prices so far below costs as undoubtedly to constitute dumping. By this unfair trading they

established market dominance and wiped out virtually all non-Japanese D-Ram producers, both in the US and in the European Community.

• The Gatt explicitly condemns such damaging dumping and specifically provides for remedial action.

European D-Ram manufacturers represented by the Euro-pean Electronic Component Manufacturers Association, both those who have managed to stay in this market and those who have had to withdraw, were therefore fully entitled to complain and seek pro-tection against unfair trading. Are there special circum-stances in this case which account for the outburst of

One reason is the importance of D-Rams to customer industries. European equip-ment makers are dependent on Japanese sources; therefore, it is argued, the damage to the European semiconductor industry should be ignored, remedial action to which it is entitled under Gatt should not be taken, and European users should remain free to buy D-Rams at dumped prices (thus increasing their dependence on Japanese suppliers who are also their direct competitors at systems/equipment level).

But this argument confuses cause and effect. D-Ram production in the EC and the US was virtually destroyed by unfair trading. This created the present dependence of users on Japanese sources and their consequent vulnerability to dramatic price increases. Few informed observers would regard such dependence as healthy; most would regard it as highly dangerous.

So what is wrong with tak-ing measures to help reduce this dependence, thus strengthening not only the European semiconductor industry, but also D-Ram users in the electronic equipment industry?

Users need a strong local semiconductor industry to give them an alternative source of supply, one which is not liable to be brought to its knees again by unfair trading. This will facilitate co-operation in the development of new world-competitive products; and it will mean that users need no longer rely for supplies of "leading edge" products on Japanese companies who are also their direct competitors.

Another reason for the exag-gerated concern being expressed may be lack of accurate information about the undertaking and how it will operate. It is an undertaking not to sell below reference (or "fair") prices set quarterly by the Commission; it will not affect prices at all immediately, since current market prices are significantly above likely reference prices. But if and when reference prices come into play, the European D-Ram manufacturers are concerned that their customers' costs should be kept as low as is compatible with fair trading. They have therefore agreed that reference prices should be calculated on the basis of average production costs for the currently lowest cost Japanese product in each density, plus a small profit margin. (The margin is far lower than would normally be acceptable in the equipment industry). This is despite the fact that the use of Japanese, rather than European, costs will put heavier competitive pressure on the European D-Ram manufactur-

Additionally the undertaking contains special provisions for new generation products to ensure that Japanese producers are not inhibited from supplying these to European equipment makers at reasonable prices. So what will be the ultimate effect of these arrangements? While the market leader will not be allowed to sell D-Rams to Europe below its cost of production plus a modest profit margin, higher cost producers will not be prevented from selling at little or no profit; compe-tition will not be impaired; reference prices will be reviewed quarterly so that increased efficiency can feed through rap-

idly into lower prices. The European D-Ram pro-ducers have not asked for compensation for the injury done by the unfair trading which has been proved; they have not asked for measures such as anti-dumping duties which would be harmful to their customers; they have not asked for their market to be pro-tected. They have asked only for a safety net which will prevent a resumption of damaging dumping, and enable them to compete with Japanese suppliers on a level footing. Given this, they will have both the opportunity and the incentive to re-establish their competitiveness and maximise their efficiency.

This must be of greater bene fit in the long term to the European equipment manufac-turers. All they are asked to accept is that they are not entitled to benefit from unfair trading practices by buying D-Rams at dumped prices. A balance must surely be sought between the interests of chip users and of chip makers, each of whose success depends

largely on that of the other.

If the Member States should refuse to endorse the arrangements negotiated with the Japanese under the provisions of the Gatt, non-European semiconductor makers would know that they had carte blanche to eliminate their European competitors by fair means or foul. European components manufacturers look to the governments to take a realistic view of where Europe's overall long-term interests lie and to approve the action proposed by the Commission to deal with this case of blatantly unfair

The author is President of the European Electronic Component Manufacturers Association

### Hocus pocus in focus

From Mr John C. Cahill. Sir, As, allegedly, the most notable of the "rattled bosses" ("BAT: the lessons for corporate 'parents," Business col-um, October 2), I can well do without yet another new husi-ness theory this time focused corporate parenting. It is some consolation that, with such a title, it cannot be a can-

holders, not the company, who should learn that lesson. His second lesson seems to confuse matrix management (is that Silvertoam House, theory still around?) with Vincent Square, SW1

acquisition criteria. The third lesson develops his new the-ory. Presumably Mr Lorenz is not a family man. Is a parent incapable of managing a family unless the children are, for example, identical female triplets? I fear we are in for more

hecus pocus about focus. Finally, the two options prof-fered to animated companies in didate for longevity.

Christopher Lorenz's first lesson ("not to hang on") is well expressed, but to the would have been unrewarding to any investment manager wrong class. It is the share—seeking value for money. seeking value for money.
John C. Cahill,
Chief Executive,
BTE plc.
Silvertoem House.

### The Labour Party and ERM

From Mr Peter Robinson.
Sir, On October 1. John
Smith confirmed that entry to the exchange rate mechanism (ERM) of the European mone-tary system would be an early objective of a future Labour Government. The shadow cabinet sees such a move as one way of clearly stating Labour's <u>mitment</u> to lower inflation. There appears to be some misconception that membership in the ERM offers a relatively painless way of bringing down inflation. Yet there is no clear evidence that an exchange rate target acts directly to "discipline" pay bargainers in the way envisaged by some economists. Rather, such a target works like any other deflationary financial policy: it squeezes firms' prof-its and reduces employment opportunities, and in this way screws down the wage-price spiral. It is not a soft option.

From Dr Patrick Collins. Sir, Nigel Lawson, speaking to the IMF in Washington,

drew interesting parallels between the present state of

sterling and that prevailing in

the era of the gold standard.

The similarities are, however,

eclipsed by this glaring differ-

ence: sterling now has no real-known value; it is dependent at

every minute on the markets'

fickie assessment of the Chan-

A system of currency con-

cellor's intentions.

a reference to entry at a "com-petitive" rate. Does this mean a significant one-off depreciation to DM 250 to the pound, followed by entry to the ERM?
Or would the shadow Chancellor enter at the present DM
3.00 or close to it? If the latter,
how does he propose to reduce the current account deficit?

What John Smith did not address is the central issue: can one reduce inflation without significant deflation of the economy and a rise in unemployment? Membership of the KRM is just one way of engineering the necessary deflation, and is no better or worse then a tight domestic monetary policy or an increase in taxation as a means to that end. Only a workable pay policy - if one exists - might achieve a less painful disinflation. The shadow cabinet remains silent on this issue. Peter Robinson, The shadow Chancellor's Compaign for Work, message was also confused by Tottenham Town Hall, N15

vertibility in which the govern-ment defines the currency unit

in real terms, has the unique

advantage of harnessing market forces directly to preserv-

ing its value. Institutionally, it

is unequalled. It is fair, durable, comprehensible to the public, and proof against political manipulation. After 10 years of

Conservative government, company profitability has improved but the monetary

situation is still in crisis, and

we are now drifting towards a

Defining the currency unit in real terms

### **Export credits**

From Mr P.W. Crabb. It was disappointing that Peter Montagnon should refer uncritically ("ECGD reforms expected to be approved soon," September 28) to the argument that the Export Credits Guarantee Department needs to be restructured to comply with new regulations connected with the Single European Market. The Kemp Review on ECGD's status confirms that there is no reason to think that the European Commission is considering the introduction of legislation to forbid state credit insurance for intra-EC business, and thus make necessary a change of ECGD's status. Indeed, Kemp states that

there "appear to be strong grounds for arguing that the European Commission has de facto given its approval to state support for export credit agencies as at present prac-tised by member countries." Despite regular supposed inferences to the contrary from inside and outside ECGD, no one has yet been able to show this view to be incorrect.

We know that various par-ties (including many with vested interests) favour the pri-vatisation of ECGD's insurance services group. We consider that spurious arguments are often being used to mask real motives, which include political dogma and selfish commer-cial interest. ECGD support is valued by UK business. We feel it would be a grave mistake for the Government to reduce its direct backing for ECGD, particularly at a time when every UK exporter needs maximum support and encouragement to help overcome this country's massive trade deficit problems.

ECGD Trade Union Side Export House, 50 Ludgate Hill, EC4

fered since 1971 - would be

remembered for the next cen-

tury. What is she waiting for?

The Management School, Imperial College, 53 Prince's Gate,

Exhibition Road, SW7

Patrick Collins,

### Security order

From Mr David Habakkuk. Sir, The re-emergence of German unification on the politi-cal agenda, discussed in David Marsh's thoughtful article ("Treading the German tigh-trope," September 30) makes it imperative for West Germany's allies to present some long-term vision of a new Euro-

pean security order.
Already, as West Germans have come to discount the pos-sibility of Soviet attack, talk of "armies of occupation" has been increasing. If some form of remification is now a real possibility, Germans will inevitably be looking to a future in which their country is no longer the meeting point of vast, nuclear-armed foreign armies.

To continue to insist that, for example, the Lance missile be "modernised" is to suggest that Britain believes that, whatever the Russians do, Germany must continue indefinitely to be the focus of East-West military confrontation. Without a credible end to this, the Germans may well come to believe the central purpose of the existing security order is to keep them down.
It is natural to want to cling

to the existing alliance structures as an element of stability in unstable times. But, paradoxically, stable transition in Europe may depend on NATO's ability to conceive a future in which those structures are transcended. A big problem is that all our

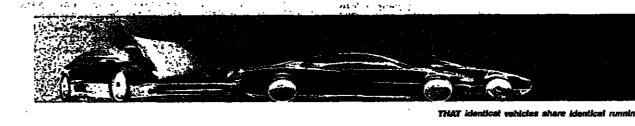
orthodoxies about "the threat" and how to cope with it mean that we find it difficult to conceive of security without large US armies - and nuclear weapons - in Germany. But if there is one thing that should be clear by now it is that there is no going back to the Brezhnev years. We need to ask basic questions about our security problems.

It cannot any longer be a premise of discussions of "the threat" that any answer must Deutsche mark bloc for lack of anything better.

The Prime Minister – by resuming currency convertibil.

Soviet instability is any answer must legitimise existing NATO doctrines and deployments. In particular, the "worst case" scenario produced by fears of resuming currency convertibil. resuming currency convertible. Soviet instability is not for ity, and helping to pull the world economy out of the inflation and instability it has suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions and the suffered electrical actions are suffered electrical actions an man troops across the Elbe. That rests on analogies with Austrian and German behaviour in 1914 which really have no relevance at all to today's Soviet Union. David Habakkuk,

22 Homefield Road, W4



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# **FINANCIAL TIMES**

Thursday October 5 1989

**Balfour Beatty** 

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# US refuses to rule out force against Noriega

By Peter Riddell in Washington and Michael Littlejohns in New York

THE US retains the option of using military force in Panama to end the rule of General Manuel Antonio Noriega, Mr James Baker, US Secretary of State, said yesterday as Panamanian officials accused the US of direct involvement in Tues-

day's failed coup. Mr Baker was giving evidence to the Senate Finance Committee as the White House began a formal reasse ties policy towards Panama in the light of Tuesday's events. Mr Marlin Fitzwater, White House spokesman, said US pol-icy was not to use the military to intervene in Panama's internal affairs, but he would not rule out the use of military force, particularly to defend US

While most members of Congress backed the Administra-tion's caution and refusal to intervene on Tuesday with US troops, a minority of both Republicans and Democrats

was highly critical
Senator David Boren, the
Democratic chairman of the
Senate Intelligence Committee,
said: "For the US, with all our
strength and force, to stand by - just two miles away - and do nothing and allow these people to fail. I think it is wrong."

Mr Baker said yesterday that when the coup developed, Pres-ident Bush's priority was to safeguard US lives and secure the canal. Mr Baker defended the Administration's decision

not to commit troops.
He said: "The US retains the option to use American forces. That option has never been ruled out. But if you're going to risk American lives, it's the precident's view that you do so to risk American lives, it's the president's view that you do so on your own timetable. You do so based on your own plans, at a time of maximum opportu-

nity and advantage. The Washington Times, which has close links to the which has close links to the right in the US and Latin America, yesterday quoted "Senate sources" who were briefed by US officials as saying Americans in Panama were alerted at midday on Monday and gave the rebels certain "tacit" assurances that the US Army Southern Command would back up them up.

The Administration has stressed that the US did not instigate the coup, nor was directly involved, but it has said it knew in general terms that "this sort of thing was in

Panamanian officials went further. "This was simply a movement which was fostered and supported by the Government of the United States," Mr Francisco Rodriguez, Panama's provisional President, said at a UN news conference. But the rebel troops "found no resonance of any kind within the defence forces or among our

Mr Rodriguez said Panama had proof of American inter-vention, including photographs of US tanks which blocked the main arteries giving access to the defence force headquarters.

Panamanian officials said privately there was no present intention of taking the matter to the UN Security Council.

Gen Noriega was quick to blame Tuesday's revolt on the US. "The proof is that American troops closed access routes to the barracks, just as they closed the Pan-American Righway," Gen Noriega said on nationwide television several hours after the failed coup.

In Panama City, two coup leaders took refuge at a US Army base, the Panamanian Defence Forces said. Troops enforced a night-time curiew on streets where forces loyal to Gen Noriega quashed the second attempt in 18 months by dissidents in the military.



Panama leader Gen Noriega, surrounded by loyal troops on the steps of his command post, raises a clenched fist

# Bush asks for extra \$200m in Polish aid

Strike brings Boeing to a virtual halt

Australian pilots drop 29% pay claim

Financial Times signs agreement to print in Tokyo

By Peter Riddell, US Editor, in Washington

US PRESIDENT George Bush is to ask Congress for an additional \$200m loan to help Poland with the restructuring of its economy, the White House said yesterday.

Mr Marlin Fitzwater, White House spokesman, said the decision to increase US aid reflected "the dramatic changes in Poland over the past two months."

Mr Bush has also invited General Wojciech Jaruzelski, Poland's President and Mr Tadeusz Mazowiecki, the Prime Minister, to meet him in Wash-

By Roderick Oram in New York

BOEING was yesterday trying

to continue aircraft production

using supervisory and non-stri-

king workers after its 57,000

members of the machinists

union began a strike over pay.

AUSTRALIA'S airline pilots

said yesterday that they were

withdrawing the 29 per cent

pay claim at the heart of a dispute that has seriously dis-

rupted the nation's domestic

Captain John Raby, vice

president of the Australian Federation of Air Pilots, said the pilots would instead seek

an unspecified rise based on a

25 per cent increase in produc-

of the claim brought a frosty

With local printing it is hoped

this will gradually increase to between 3,000 and 4,000. The

Wall Street Journal is esti-

mated to have sales of about 6,500 in Japan and the Interna-

tional Herald Tribune about

Printing in Tokyo will cost

more than \$3.2m a year. Com-

pleted pages will be facsimiled

simultaneously from London to

Germany; New Jersey, US;

Roubaix near Lille, France;

and Tokyo. The press start time in Tokyo will be 9.30pm

London time (5.30am Tokyo

the paper's four international printing sites: Frankfurt, West

Continued from Page 1

The unexpected withdrawal

tivity.

The company was unable to

say how many employees had switched to production jobs or how much work was being was predicting how long the strike might last. The previous one ran seven weeks in 1977.

But the International Associ- whelmingly against a three-

ation of Machinists was highly year pay offer which Boeing

the first significant expansion of direct US economic help for Poland since the \$119m in industrial assistance offered during the visit to Warsaw by President Bush three months ago. Separately, the US has

agreed to provide \$108m in short-term emergency food aid. This would take the total package of US aid offered to Poland to \$427m, but that is spread out over varying time periods and with different con-

The US is urging Poland to reach early agreement with the International Monetary Fund

doubtful that much was hap-

pening inside the Boeing

plants it was picketing. "We represent that place wall-to-

With no talks or mediation

The machinists voted over-

response from the Govern-

ment, airlines and trade union

leadership, promptly dampen-

ing revived hopes of a break-

through in the disruptive five-

week strike. The pilots' federation said it had served a fresh

claim on the airlines based on

contracts the airlines are offering to newly recruited pilots. Details of the contracts

emerged this week through the Industrial Relations Commis-

sion, the country's principal conciliation and arbitration

body. The Commission tried

Mr Frank Barlow, FT chief executive, said that when printing began, the FT would be distributed in central Tokyo at about Sam local time on the day of publication. Which

day of publication, which

before it appears in the UK and

a few minor changes, be the same as the international edi-

tion distributed from Frank-

furt, Roubaix and New Jersey.

terday in Tokyo. They provide for the printing of the FT by

Chiyoda Sogyo, a Tokyo print-

Contracts were signed yes-

Western Europe.

**WORLD WEATHER** 

would be six or seven hours

The paper would, apart from

efforts scheduled, neither side

wall." a senior official said.

tingent on such a programme being signed.

The unofficial timetable for such a letter of intent with the

IMF is the end of December. Poland has sought a \$1bn stabilisation loan from the leading industrial countries in addition to any IMF loan.

The decision to offer the loan was agreed by President Bush's advisers as part of an urgent review triggered by the new internal situation in Poland and increasing Congressional pressure for more

called its best and last. It pro-

posed pay increases of 4 per cent in the first year and 3 per

cent in the second and third,

rates several percentage points

It also proposed lump sum bonuses of 8 per cent in the first year and 3 per cent in the

second. The union is unhappy about the bonuses because

they are not incorporated in

base pay scales or reflected in

unsuccessfully last week to

asked it to assess the contracts

they are offering individual

pilots in light of the national wage guidelines, which the Commission enforces and

which provide for 6 per cent productivity-based pay

The individual contracts

require a minimum 55 hours

flight time per month with overtime payments beyond

that, and are said to represent

The airlines have since

arbitrate in the dispute.

below inflation

announced that legislation would be pushed urgently through Congress to provide \$837m in assistance to Poland and Hungary, the majority to the former, over the next three years. In total the administration has announced \$255m to the two countries.

Mr Fitzwater said the White House would compromise on the total aid. "We're willing to negotiate with Congress on the amount and the nature of the package," he said. The Congressional package

generous support.

On Tuesday, Democratic leaders on Capitol Hill Foreign Relations Committee.

ensions and other benefits.

Boeing gave only bonuses

and no pay increases in the

three-year contracts signed in

1983 and 1986 because it was

keen to keep overall labour

costs down as it struggled with

Its fortunes have rebounded

in the past couple of years and

it now has orders for \$80bn of

aircraft, encouraging the union

a 25 per cent increase in pro-

ductivity. The pilots' federa-

tion has embraced this "final position" of the airlines, but has coupled with it a demand for a "proper set of working conditions" not in the airlines'

contracts. The federation has

previously suggested that the individual contracts offered

pay increases in line with or

even ahead of its 29 per cent pay claim and last night flatly rejected suggestions that its

new position represented a climbdown.

ing house, and for the continu- is a big, big challenge in terms

ation of distribution, under of covering costs and we have revised terms, by Overseas to show we can do it before we

ourier Service. go on to to other print cen-Asked if the cover price of tres." Printing in Hong Kong is

the paper, now Y550 (\$3.94) seen as a longer term possibil-would change when printing ity.

began, Mr Barlow said: "The Japan is already the second

price won't vary merely largest source of advertising because we print in Japan, but revenue for the Financial

Chiyoda will also print shown that making the paper apers for distribution to customore widely available on the

Times after the US.

Previous experience has

day of issue has increased the

circulation of the international

a slump in its business.

to much for lucrative deal.

### country unprepared for winter By Quentin Peel

Pravda says

in Moscow

DIRE WARNINGS were issue yesterday about lack of readiness for the coming Soviet winter, with the authorities already making preparations for possible power cuts in many parts of the country.

many parts of the country.

The gloomy picture of fuel supply shortages, inadequate and broken heating equipment, and the danger of power cuts was published by Pravda, the day after the Supreme Soviet approved a package of emergency measures — including a selective ban on strikes in key industries — to presare for winter.

Although the Soviet parliaent refused to agree on the blanket strike ban proposed by President Mikhail Gorbachev, the deputies went a long way to imposing a tough emergency regime to stop both coal miners and railway workers from further aggravating what is already a critical situation. The question is whether the

action will not simply inflame a growing industrial mili-tancy, instead of damping it down, with reports that coal miners of the Donbas coal field in the Ukraine are once more on the verge of strike action. The emergency measures passed by the Supreme Soviet

include instructions to the authorities throughout the country to vary shift working and factory operations "based on the available resources of electric power and power sta-

tions' capacity."

Pravda warned in a frontpage editorial that "prepara-tions for winter are being car-ried out extremely unsatisfactorily. The aftermath of Chernobyl, accidents... on the railways, the earthquake in Armenia and other places, and mass disruptions of law and order have taken their toll. All this has left a negative stamp on preparations for the cold

The Chernobyl nuclear disaster and the Armenian earthquake have resulted in reduced power supplies, the former by stopping the commissioning of new nuclear plants, and the later by forcing the closer of the main power station in the Trans-Caucasus.

Prayda added that the shortfall in coal supplies so far this year is 13m tonnes, and coal stores in regions with the bitterest winter weather - such as Murmansk, Komi, Magadan and the Buryatsk republic – are well below normal.

Another 20m tonnes of coal Mr David Palmer, a deputy edition; the edition now sells chief executive of the Financial about 90,000 papers out of a thave failed to be moved from the mines by the rallways. have failed to be moved from

# Bank of England intervenes on pound

Continued from Page 1 forced to withdraw an £800m

we may vary the price because

we are giving a better service."

papers for distribution to cus-tomers in South Korea and

tender of Treasury bills
because the money market
demanded too high an interest

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because the money market
demanded too high an interest

at \$1.6045.

short-term money market 0.3 lower at 90.9. The Bank has have to accede to higher interest rates or scrap tomorrow's 2800m tender - an unprecedented ster

The Bank faced intense selling pressure against sterling yesterday and intervened

By the end of trading ster-

ling had slipped 1.5 plennigs to

On its sterling trade-With the current level of weighted index the pound was

The Bank has always maintained that intervention can only be used as a short-term It has said in the past that

intervention cannot reverse a trend in a currency but only smooth its path. It has been hampered in its efforts to support sterling by

being unable to sell the D-Mark against sterling. This would conflict with an

agreement Mr Lawson made in Washington last week to participate in efforts to drive the dollar lower. ● The West German Bundes-

bank will raise official interest rates to the highest level for seven years after sending a firm signal yesterday to financial markets of its wish to tighten credit. The interest rate move will be decided above all on domestic counterinflation grounds. Page 2

# A pfennig for Lawson's thoughts

Yesterday's slither by sterling brought it to its lowest level gainst the Deutschemark for against the Denischemark for 19 months, as the markets debated how far - rather than whether - West Germany will raise interest rates today. The history of Bundesbank mone-tary policy makes a half point rise more likely; but the hints from the bank have been so broad - witness its money market operations yesterday that the effect of such a rise could be dissipated. In purely domestic terms the rise will have little direct impact, where it will bite is in forcing other European countries to choose between increasing their rates and depreciating their curren-

cies, either way cutting demand for German imports. In the UK, certainly, a half point rise has already been discounted by the markets, so that the Chancellor could probably get away with leaving base rates unchanged. A full one point rise, on the other hand, might allow Mr Lawson to increase base rates and claim it was all in the cause of European unity. That would prove only a figleaf to cover his embarassment at the Tory conference, but would be better than nothing. There might be sound domestic reasons for an increase, given the potential impact on demand of a £2.8bn cot in national insurance contributions which starts to take effect today. But if the gamhling Chancellor decides to hold out at 14 per cent, the Bank of England will need a large pro-portion of its swollen foreign exchange reserves to hold the pound above DM3.

### Standard Chartered

If Standard Chartered had had the time and money to wait around for the right Euro-pean partner to turn up, it would probably not have cho-sen Westdeutsche Landesbulk. It may be the biggest public sector bank in West Germany, with a balance sheet roughly twice as big as SC's, but its merchant banking skills are not particularly obvious. Nor does it have the soft of Eurowill give SC a real advantage over its rivals. However, given the parious state of SC's capital ratios, £60m of extra Tier 1 capital cannot be sneezed at; and at least the transfer of SC's unprofitable European operations to WestLB solves the problem of what to do about one of the weaker parts

Sears Share price relative to the FT~A Stores Index

Although the deal is nowhere near as ambitious as the recent aborted merger of Amro and Generale de Banque, the history of this kind of banking alliance is not particularly encouraging. For the moment, the potential for dis-agreement about future business objectives must be outweighed by the positive benefits to SC's balance sheet. If it can sell its headquarters and various other properties at an anywhere near decent price, its capital ratios should begin to look respectable. However, the longer-term problems of SC's relatively weak presence in the UK persist. This deal does not alter the view that SC's long-term future would be more secure if it were part of a much larger UK-based banking

### Sears

Sears is one of the bell-wether stocks of the UK retailing sector, so a 7 per cent drop in interim earnings does not sound too bad, especially when it is remembered that it has a sizeable exposure to housebuilding in the South East. However, strip out the £16.3m reduction in the interest charge and the performance does not look quite so encour-aging, especially since the lat-est period only included two months of the real slowdown in UK consumer spending.

Part of the problem with
Sears is that it is hard to disagtrian retailing performance from the effects of the general economic slowdown. A more dynamic management team,

ing volume means that the next six months are going to be tough, and only the optimists are betting on any real recovery next year. Fortunately, the balance sheet is stronger than most but the stronger than most; but the current mixture of painfully high interest rates and unmiti-gated gloom on the High Street mean that the chances of Sears attracting a predator are more unlikely than ever.

### Harrisons & Crosfield

Harrisons & Crosfield's decision to switch its Stock Exchange classification from overseas trader to industrial miscellaneous may come at a miscellaneous may come at a good time. Few companies like being called a conglomerate, but the connotations of overseas trader are worse again; and at this stage in the industrial cycle, there are plenty of investors actively keen to diversify their risk.

H & C's present clutch of businesses shows cyclical diversity and no mistake: plandiversity and no mistake: plantations and building supplies on the downswing; pigs, animal feeds and malt for the whisky trade on the upswing; and the chemicals business mixed but stable overall. The market's problem is that these opposing forces seem to add up to virtually no growth in earnings this year and precious lit-

But the other way of looking at conglomerates these days is by break-up value. H & C's chemicals division, the chromium business in particular, might fetch a price not far short of the entire group's market walne of \$570m. Just now het value of £870m. Just now, at any rate, none of that is in the price. Instead, the shares are languishing at 160p, having just slipped out of the FT-SE at the start of this week, and are on a multiple of 9.5 or so. But if the stock is on the dull side, it is also remarkably defensive. and not only because of the new-found popularity of con-glomerates, it also yields a safe 7 per cent.

Ferranti One piece at least of the Fer-

ranti puzzle seems to have dropped out. Tuesday's sale by STC's chairman of £1.7m worth of his company's shares clearly rules STC out of any big price sensitive deal in the near future, whether involving Ferranti or ICL. British Aerospace looks more than ever the home-grown candidate for Ferranti's rescue.

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for example, might have been

able to moderate the 11/2 per

cent decline in footwear vol-ume by moving more aggres-

sively to reposition the huge

network of outlets. The combi-

nation of rising costs and fall-

# NEWS REVIEW

BUSINESS

of its business.

Royal Navy tactical success

It's all systems go for the introduction of an updated tactical data handling system in the Royal Navy's Oberon class submarines. Acceptance of the DCH system software by the MoD has marked the completion of a development programme by the Naval Command and Control Division of formatic Community Systems. main and control Division to Ferranti Computer Systems. The new system forms part of a major upgrade to the O-boat's sensor capability with improved electronic support and new soner.

Mobil upgrades

Mobil has placed a further contract with the Fuel Dispensing Group of Ferranti Industrial Electronics to supply fuel pumps and kiosk control systems. The order is part of Mobil's programme to upgrade sites across the country. The equipment which will be installed and commissioned by Ferranti engineers includes Ferranti engineers includes the latest Series 8000 range of quad and twin dispensers, mone pumps and kiesk control

Briefly...

The Rhapsody digital keysystem and the Rhapsody 305 fax machine from Ferranti Business Communications have both won major awards from the Relecommunications Industry Association

Association. Association.
Ferranti Metrology Systems Group has amounced five new contracts for business in Kores for its Merlin II coordinate measuring machines.

### **TELECOMMUNICATIONS** Zonephone spot on

cally sized network of zones is from the end of the year when installed.

The network is already well becomes available.

advanced with several ferranti Creditphone is confihundred sites ready. The network and billing computer systems are undergoing final point because of the quality service trials, with actual call loadings of up to 34,000 events per day, immediately prior to the launch of the service.

The Zonephone digital handset costs only £200 complete with built-in rechargeable forms.

Zonephone, the world's first batteries and separate operational telepoint system charger. It was designed from has received BABT green the outset both for the spot approval for its entire demanding business environment and for use with public the general public will now also be used in the private take place as soon as a realistically sized network of zones is installed.

# Major step for Vixen

A Ferranti Blue Vixen B' the B' model incorporates model radar flew for the first software developed from datatime on 15th September 1989 gathering and flight verification of another milestone in the programme to equip the Royal Navy's Sea Harrier FRS2.

This flight in a BAe 125 marks the beginning of the use of serial number B2 was fitted in the radar for weapon system integration. Blue Vixen is being developed by the Radar system Division of Ferranti There will be ten B models Defence Systems, Edinburgh. altogether and B3 has already the Advanced Agrospace.

The aircraft weapon system been delivered to pritted includes the Advanced Asrospace.

Medium Range Air-to-Air The next major step in the Missile, (AMRAAM) for which programme will be the beginning of flight trials in the Sea designed. With hardware close Harrier FRS2.



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### INTERNATIONAL OPERATIONAL REVIEW

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LAST WEEK this column reflected on the demise of the talks between Arthur Andersen and Price Waterhouse and predicted that the era of the mega-mergers was all but over. All but. Yesterday came the extraordinary announcement that Deloitte, Haskins & Sells' UK practice was set to merge with Coopers & Lybrand.

Barely three months ago, Mr Brandon Gough, Cooper's pugnacious chairman, publicly denounced what he termed the King Kong philosophy behind the spate of mega-mergers. Yesterday, he was able to trumpet the Deloitte link which, if not exactly a King Kong sort of deal, is still one that propels Coopers to the number

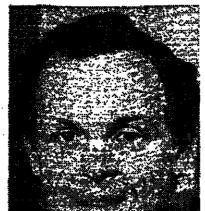
one slot in the UK.

This is possibly the most extraordinary development in a year of merger drama and excitement among the big

Not only has Coopers performed a strategic volle face of firmamental pro-portions, but it also shows that the empire that is to be Deloitte Ross Tohmatsu – as the Deloitte/Touche Ross combination is to be known – is in fragments even before it officially

Up until yesterday it had looked as though the bout of merger mania was, going to be fairly harmless. The firms chatted to one another seemingly interminably, earned a certain public opprobrium for their espousal of cor-porate gigantism and eventually either embraced one another (in the case of Ernst & Whinney and Arthur Young) or rejected each other (as in PW and Andersen).

For all the talking, business appeared to carry on very much as



Mr Brandon Gough: his change of mind is not wholly remarkable

usual, with very limited defections from clients and staff. But it now seems inevitable that a huge battle is about to begin, with the other big firms squabbling both for Deloitte's audit clients in the UK - and for Deloitte's member firms in countries where the Touche Ross match has not

That Mr Gough should have changed his mind is not wholly His embittered comments when the PW/Andersen talks were announced

suggested pique rather than a whole-hearted endorsement of independence - and indeed it was widely reported that Coopers itself was on the brink of a haison with PW, only to be snubbed by the latter's dalliance with Ander-

**ACCOUNTANCY COLUMN** 

Deloitte UK deal pushes Coopers into top slot

Given the firm's known penchant for being number one, it was clear that many partners were none too pleased at Cooper's sudden relegation to the bottom of the Big Right pile. By linking up with Deloitte in this way, Mr Gough preserves his reputa-tion for being tough and unpredict-able and redeems himself in the eyes of his merger-hungry partners.

As for accusations of inconsistency between his public stance at the beginning of the summer and now, he will no doubt argue that the Deloittelink up is not a mega-merger -merely a strategic alliance in one geographical market, albeit an important

On their own, both Coopers and Deloittes are both strong UK firms, with aggregate fee income of £225m and £189m in 1987-88, putting them third and fifth respectively in the size

rankings.
In terms of audit, both firms are broadly the same size - Cooper's generating £100m in fees from this rather dowdy activity, against Deloitte's £96m. That difference in overall size is due to Cooper's strength in consultancy - the firm is the largest of the accounting-based consultants, with fee income of £66m from this source, against the £34.4m generated by Deloittes in the area.

If the new link-up were to preserve each and every client and all its staff,

it would have fee income of £414m and staff of 10,500.

There would be enviable complementarities: two strong client lists in the audit business; Cooper's strong consultancy dovetalling neatly with Deloitte's tax expertise and its corporate finance activities - an area where Deloitte, of all the accountancy firms, has achieved a degree of mar-

ket pre-eminence. In practice, there is likely to be significant upheaval among the Deloitte client base, if not among its staff. True, the Bank of England is unlikely to put its audit out to tender, and there is no reason why a clutch of fine UK-based clients such as Marks & Spencer, GUS, Liberty, Abbey National and the Stock Exchange should defect to either Touche Ross or any of the other big firms. Indeed, some of those may turn to Coopers for

consultancy advice. However, it is certain that a signifi-cant part of Deloitte's UK audit business is work referred from its US practice — now part of Deloitte Ross Tohmatsu. Into this category fall cli-ents such as Merrill Lynch, Kohlberg, Kravis Roberts and a number of the world's largest insurance companies. Also, Deloitte in the UK serves a number of UK-based multinationals – not least of which is BAT Industries, the

firm's biggest client. Clients in both those categories will have to choose between shifting the international element of the audit to Coopers, or the UK element to Touche Ross, the UK arm of Deloitte Ross

Both of the new firms will suffer a credibility gap. Clients will wonder

genuinely cohesive international firm True, firms in the US, Japan and France have come together, and those in Canada are likely to do so soon, but what about other key geographical areas, not least in continental

Europe? Moreover, clients will feel entitled to ask what is wrong with Touche Ross in the UK, given that Deloitte's UK partners were willing to go to such lengths to avoid a link-up. After all, Deloitte, a firm that has tightened itself up after the humilia-

tion of being rejected by PW in 1984, seems willing to be swallowed up by Coopers - a fate worse than death for many UK accountants no doubt - simply so as not to have to merge There will be turnoil and, under

the circumstances, many clients will surely opt to put the audit out to tender. And, of course, there will be plenty of red-in-tooth-and-claw competition for the business.

Peat Marwick is there, resting on its laurels having avoided this year's merger shenanigans.

Ernst & Young will be confident, secure in the knowledge that it represents the only firm to have merged successfully this year. Price Waterhouse and Arthur Andersen will be eager to prove to clients — and to themselves — that their capacity for winning quality business in the UK is undiminished in the wake of their failure to agree a link-up.

Outsiders will look on, bemused, if not amused at the profession's antics.

Let it never be said that the world of accountancy is dull . . .

### **ACCOUNTANCY APPOINTMENTS**

# **Group Finance Director**

### Tetbury, Glos

Our client is a highly profitable industrial holding company with diverse business interests and turnover of £10m. The group intends to pursue a growth strategy primarily by acquisition, and has the track record to seek a market listing within the next two years.

The time is now right to appoint a finance director who can take full responsibility for the financial direction of the business, assess acquisitions, represent the group to financial institutions and play a key role in the likely forthcoming flotation.

To be considered, you will be a qualified accountant aged 35-50, who has gamed commercial experience at

### £40,000 + bonus + s/o + car

a senior level within a sizeable operating unit and has nesotiated with corporate financial institutions through MBO's, acquisitions, flotations, etc. Personal characteristics must include an analytical mind, the ability to work as part of a small management team and to effectively represent the group externally. A relocation package is available if appropriate.

Please send brief personal and career details quoting reference F/010/A to Carrie Andrews, Ernst & Young Search and Selection, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

# **Ernst & Young**

# Commercial/Financial Director

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Our client is a dynamic, growth-orientated manufacturing and service subsidiary of a progressive and positively managed public engineering group. Operating as a supplier to the leisure industry, the company holds an envisble position in a highly competitive market. Its current expansion programme involves the further development of existing profitable businesses, allied with a programme of strategic acquisitions.

They now seek to appoint a Commercial/Financial Director who, working closely with the Chief Executive, will assume full responsibility for all aspects of the finance and associated functions. Key areas of responsibility will include the further development of management information

systems, with an emphasis on strategic business planning and the enhancement of financial controls. Candidates, aged 28-35, will be qualified accountants who can demonstrate outstanding career achievements, strong communication skills, a high degree of commercial awareness and the ability to make an effective contribution to the profitable development of the business. A comprehensive benefits package, including a profit related bonus scheme and full relocation facilities, is available. Interested applicants should write, enclosing a full carticulum vitae, to James J. Russell, quoting ref:

L8503, at Michael Page Finance,

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A second opportunity exists for a person at an earlier stage in their career. Again he/she will have an accountancy qualification and at least two years' post qualification experience in a field which is relevant to the kind of work envisaged. The salary will be in the region of £30,000.

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In the first instance, please contact Colin Barry, the company's adviser in this matter, at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

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Please reply in confidence, to Michael Fahey, adviser to our client, giving concise career, personal and salary details and quoting ref ER206 at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

### **Ernst & Young**

# Hoggett Bowers

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# Finance Manager

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Due to continued growth, an exciting opportunity has arisen within a fast developing insurance group which has an international presence in the general insurance and reinsurance markets.

Reporting to the General Manager, you will be responsible for creating and establishing the internal audit function and for building a small team. Specific responsibilities will include initiating and ensuring consistency of audit procedures across group companies and will also involve other time sensitive investigations on an ad hoc basis. The role will involve an element of travel, both overseas and within the UK.

To be considered for this position, ideally you will be a qualified accountant, aged c£32.000 + car

28 to 35, with a commitment to internal audit. It is essential that you have experience within the general insurance sector, preferably with exposure to general and reinsurance accounting. You will be self-motivated with an analytical mind and will possess good communication skills. This is an excellent opportunity to become directly involved with the company's expansion plans.

For further information please write, fax or telephone Catherine Marsden quoting reference 130273.

MANAGEMENT PERSONNEL 25 City Road, London ECIY IAA Tel: 01 256 5041 (24 hours) Fax: 01 374 8848



# Financial Controller

LONDON, TO £35,000 + BONUS

For the UK subsidiary of an American owned architectural and design practice which, after little more than two years, already employs 50 people. The Company anticipates from its Landon base will produce

further expansion in the UK, and that marketing to the continent of Europe ropid growth in fee income.

You will have wide ranging responsibility for the company's accounting and financial

management, with a real opportunity to assist in cost control, contract negotiation and profit generation. Your will report to the head of the UK practice and to the Chief Financial Officer in the USA, with prospects of a directorship in the medium term.

We would like to meet qualified accountants or chartered secretaries in their late twenties or thirties. whose commercial experience has been gained with a forward looking organisation. Alternatively you could be seeking your flist move out of an accounting practice.

Résumés with a daytime telephone number to Edward Simpson. Ref: ES619, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

**Executive** 

Resourcing & Lybrand

Marian R.

# **Director of Finance**

### MERGERS & ACQUISITIONS

SURREY, TO £50,000 PACKAGE + CAR AND PARTICIPATION

This new position is at the centre of a highly successful and fast expanding public Group providing diversified products and services. As a result of recent ocquisitions; turnover is expected to double next year to reach £60m with further substantial expansion planned for the following years. The Group's strategy of growth by acquisitions is a key development step, thus promising an invigorating and challenging time for the person

Reporting to the Group Finance Director, a major task will be line responsibility for the crucial phase of successfully shoping and integrating acquired companies into the Group.

Prior to this step, you will be involved in the identification, appraisal and purchase of suitable companies. Other duties will include deputising for the Group Finance Director, strategic planning & analysis and business performance reviews & reporting. The position has a high profile and as such you will quickly need to establish personal credibility with the senior management team for which the prospects for your own personal career development and wealth via equity participation are excellent.

You will be a qualified accountant. probably aged around 30, with company integration and investigation skills in addition to

operating unit financial management experience. Although technical and analytical competence is important your commercial flair, drive and ombilion to succeed are much

Résumés piease, including a day time telephone number, to Chris Hawartin quoting Ref: CH56O, Coopers & Lybrand Executive Resourcing Limited, Shellay House, 3 Noble Street; London EC2V 7DQ.

Executive Coopers & Lybrand

# Develop your Accounting Career in Merchant Banking

City

£25k-£30k plus car

Our client is a prestigious UK Merchant Bank and a member of a broadly-based major European financial services group. Due to continued expansion, they are now seeking two highly-motivated graduate Chartered Accountants to strengthen their finance function.

### Financial and Management **Accountant** Ref: 1075/JRG/89

A high-profile role reporting directly to the Chief Accountant. With a proven record in a major practice, you will need at least three years exposure to auditing financial institutions, combined with experience of advanced computer systems. Primary responsibilities include:

Prepassing financial accounts for the bank and UK subsidiaries, and consolidated financial accounts for the Merchant Banking division.

Evaluating monthly management information for UK trading operations. Overseeing the preparation of reports to regulatory

Developing and implementing sophisticated

### Project Accountant Ref: 1076/JRG/89

You will be a self starter with at least two years PQE, ideally in a top 8 firm, or possibly in a relevant commercial sector. This must include substantial non-auditing experience, in addition to a thorough knowledge of EDP and computerised accounting systems. Duties will include:

Generally assisting the Finance Director on all departmental projects.

Undertaking special finance-related projects, including work on acquisitions.

Advising on and implementing new computerised systems, and acting as an interface between systems and

For both positions, our client offers an excellent salary plus substantial benefits including a quality company car, subsidised mortgage, non-contributory pension and life assurance scheme and family PPP.

In the first instance, please contact Bob Gunning, Senior Consultant, at Austin Knight Selection on 01-588 6452 (01-256 6925 evenings/weekends). Or write to him, enclosing detailed CV, at 17 St. Helen's Place, London BC3A 6AS, quoting appropriate reference.

+ car

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### Deirdre Ideally the successful applicant will be in the age range of 27 - 32 years and McCarthy will have both commercial experience and a proven track record of effective ext 4177 WRITTEN APPLICATIONS SHOULD BE MADE TO Elizabeth RICHARD MUNRO, FINANCE DIRECTOR, SHANDWICK UK GROUP

### APPOINTMENTS **ADVERTISING**

Appears every Wednesday and Thursday

For further information call

01-873 3000

Nicholas Baker ext 3351

Arthur ext 3694

### Shandwick

### FINANCIAL CONTROLLER Package up to £32,000

Shandwick plc is the world's largest independent public relations group.

Due to ourstanding growth over the past few years a unique opportunity has arisen for a qualified accountant to join one of the principal UK consultancies within the Shandwick Group.

Reporting directly to the Managing Director, the Financial Controller will have responsibility for the financial management of the consultancy assisting in the formulation of business plans and strategies.

The constant development of management information and close liaison with directors and other senior management will also be of prime

95 PARK LANE, LONDON WIY 3TA.

# **Head of International Business & Operations Review**

### **NW London**

Our client is a leading U.S. multinational involved in the manufacture and marketing of computer and communications systems. Group turnover is in excess of \$330 million of which nearly three quarters is generated from their nine expanding European subsidiaries.

This is a greenfield opportunity to set up and manage a new business and operational review area, reporting to the U.S. The work will be project based with a high degree of autonomy, including the review of company-wide systems for reporting and controls, and other investigations to enhance operational performance. European travel will be essential. In return this position is recognised as ideal preparation for future senior advancement in the group.

### c £40.000 + car

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Candidates will be qualified accountants, probably ACA, in their late 20's to 30's. You will have a strong knowledge of European reporting and practices, ideally gained in a multinational environment in a line, projects, group or audit role. As well as first class technical skills, you will be a self starter with strong commercial acumen. You will also need the confidence and interpersonal skills to effectively contribute new ideas to the business.

Please reply in confidence, quoting Ref ER205 to Judith Richardson, adviser to our client, giving concise career, salary and personal details at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

# Ernst & Young

# **GROUP FINANCIAL** CONTROLLER

A key role in a diverse, rapidly expanding group North West £40- 45,000 plus car and excellent benefits package

This newly created role offers an exceptional career opportunity within the headquarters of a substantial and diversified group (T/O c£50M) whose growth and profits record to date are

The business is currently driven by a dynamic young Board who have ambitious plans for the 1990's including an aggressive acquisitions policy.

This high profile position will provide a support function to the Group Planning & Finance Director and will involve you in every aspect of group activities. Your initial key task will be to review and project manage the implementation of

sophisticated management information systems

You will work closely with senior divisional finance directors on improving systems, raising reporting standards and focusing attention on key performance criteria. Your involvement with group planning and control will be total.

To be considered for this position you will be a qualified accountant of graduate intellect in the age

range 35-45. Your track record to date will demonstrate experience of developing effective systems and financial controls, working to tight reporting deadlines and operating at senior management level ideally within an environment experiencing rapid growth and development.

In addition to a high degree of technical competence you must possess excellent communications skills, have the personal presence to establish credibility at all levels and have the drive and commitment necessary to make an effective contribution within a fast moving and highly pressurised environment. Career prospects within the group are considered to

The salary/benefits package reflects the importance of this appointment and will be negotiable in the range indicated above. A full relocation package is available where appropriate.

Interested applicants should forward a full Curriculum Vitae including details of present salary and daytime telephone number to Mary Byrne at the address below.

### STARK BROOKS ASSOCIATES

Accountancy Recruitment Consultants.

Suite 4, 2nd Floor, St. James's Buildings, Oxford Street, Manchester M1 6FQ. Tel: 061-236 1212/061-228 0183.

### FINANCE DIRECTOR C £35.000 + CAR + BENEFITS

A Leader in Leisure Product Development and Distribution

We are a London based subsidiary of a multi-national 21 billion turnover UK corporation specializing in the development and marketing of an exciting mange of leasure products in the UK, Europe and the USA.

In line with the rapid expansion we are enjoying, i.e. a turnover of £0 to £7 million in three years, we require to appoint a Finance Director who will be responsible for the whole of the company's accounting facilities including MS computer systems, reporting directly to the board.

We are Meally seeking a person able to portray a background and experience in line with the following criteria:

\* A qualified accountant i.e. ACCA. ACMA or ACA with a number of years experience working at a senior level within FMCG/Commercial

# An understanding of the need for producting Management, Financial and Statutory Information in line with predetermined innescales. \* The ability to manage personnel engaged in supporting the company's insureial accounting via computer based systems.

♣ The interpersonal skills necessary to work with board members as well as other levels of management.

Ring our Advising Consultant Mike THORNE now on 0444 415678, or at any time (including evenings/weekends), or send a copy of your CV to the address below. Arrangements will be made for you to attend an immediate interview at any convenient location.

### LAMBLEY

1 Franklyon Sules, The Priory, Haywards Heath, West Sussex RH18 3LB. Telephone: (0444) 415678

# COMMERCIAL FINANCIAL The complete business role for the young talented Accountant

Manchester £27,000 + Car + Excellent Benefits Package Operating at the forefront of a dynamic, high technology

market, our client through acquisition and organic growth now commands a considerable worldwide market share and is the U.K. market leader in this niche field. Internal promotion has created the need to appoint a Financial Controller to manage this £30 million turnover Northern Division. The role will be twofold requiring responsibility for bottom line performance. It will be demanding, wide-ranging and challenging. Strong emphasis must be placed upon the commercial aspects of this position as you will play a vital role in helping to achieve the profitability of the company. Exposure to the 'sharp-end' of twisteen through alone listen and promisition with both business through close liaison and negotiation with both sales management and customers will, without question, prove invaluable experience for the successful candidate. You will be a qualified Accountant and are likely to be aged 26-32. Outstanding personal characteristics are pre-requisite to be considered for this testing and highly

responsible position, You must possess excellent communication skills and have the ability to forge working relationships with a sales team. You will be a good team player but have the confidence of character to stand alone. Having a naturally inquisitive mind you will relish the challenge of problem solving and putting forward solutions to both the sales team and customers. First-class negotiation skills, self motivation and the hunger to be a part of this progressive and exciting environment are further crucial attributes.

Future prospects make this an exceptional option for the ambitious Accountant. The salary/benefits package reflect the importance attached to this appointment and will not prove a limiting factor in the final selection process

Interested candidates should forward a full curriculum vitae including present salary and daytime telephone number to: Karen Haygarth at the address below or alternatively telephone on 061-236-1212.

### STARK BROOKS Accountancy Recruitment Consultants

Suite 4, 2nd Floor, St. James's Buildings, Oxford Street, Manchester M1 6FQ. Tel: 061-236 1212/061-228 0183.

# CORPORATE ACQUISITIONS **ACCOUNTANT**

An exciting challenge and high profile role in a substantial and rapidly expanding group

North West £25-£28,000 plus car and benefits package Through a vigorous acquisitions programme and impressive organic growth our client has in recent years established itself as a well known and highly ccessful group with a strong North West base. Part of their current corporate strategy revolves around acquisitions outside the U.K. with particular

phasis on the EEC. This has created the need for a high calibre individual to be appointed to assist and support the Corporate Development and Acquisitions Your role will be broad based and will include:

- involvement with acquisitions from sourcing through to funding to completion - investigation of and reporting on targeted

 development of effective working relationships with legal/financial advisers, merchant banks and

To meet the needs of this high profile and demanding position you will be a Chartered Accountant of graduate intellect and aged under 30. Your track record to date should demonstrate experience of corporate finance/acquisitions gained within either a large professional firm or financial

You must be astute, have excellent interpersonal skills and cope well under pressure as the pace will be unrelenting. Frequent travel both within the U.K. and Europe is envisaged, therefore mobility is essential. Future prospects

The salary/benefits package is designed to attract applicants of the highest calibre and will not prove a limiting factor in the final selection process.

Interested applicants should forward a full curriculum vitae including details of present salary and daytime telephone number to Mary Byrne at the address below.

### STARK BROOKS **ASSOCIATES**

Accountancy Recruitment Consultants

Suite 4, 2nd Floor, St. James's Buildings, Oxford Street, Manchester M1 6FQ. Tel: 061-236 1212/061-228 0183.

# Relevance Lost? Solutions Found

# **COST MANAGEMENT CONSULTANTS CENTRAL LONDON**

The late 1980's are developing into a watershed period for cost management. The progressive use of advanced technology and new manufacturing techniques like JIT is making traditional costing systems irrelevant to many

Recognising these issues is a good beginning, but the pressing need now is for solutions.

As one of the UK's leading firms of Management Consultants and Accountants, Coopers & Lybrand has developed a new approach, which incorporates the latest activity-based costing principles tailored to meet the individual needs of each client. It provides accurate cost analysis of products and services - giving our clients competitive advantage.

We are applying this approach internationally to a wide range of clients, including those in batch manufacturing, process industries, telecommunications, health care and financial services.

We are looking for additional consultants to work in our international centre for this service under our Director of Cost Management, Jim Brimson - one of the originators: of activity-based costing.

A graduate accountant with experience gained in an advanced manufacturing environment, you may already be in consultancy. You will recognise many of the shortcomings of traditional costina. Able to communicate effectively with clients at all levels, you should have the acumen to develop practical solutions to real business problems.

### TO £50K + EXECUTIVE BENEFITS

The attractions of Consultancy at Coopers & Lybrand are many. In terms of professional challenge, variety and scope of career development, we offer an environment few can match.

The salary package is everything you would expect from a firm of our international standing.

Now you have a clear chance to take cost management into the 1990's with Coopers & Lybrand.

Write with full career details to Paul Eccles, Coopers & Lybrand Associates Limited, Plumtree Court, London EC4A 4HT. Please quote reference 10/16 FT.



Coopers &Lybrand

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# PRODUCT DEVELOPMENT EXECUTIVE

### FINANCIAL SERVICES

City

Our client is a leading London-based international asset management group, with offices in a number of overseas locations.

An excellent opportunity has arisen for a dynamic and commercially orientated individual to join an expanding department of professionals, who are responsible for new product development, with a strong international flavour.

As a co-ordinator in a multi-disciplinary team, your role will encompass the creation, implementation and project control of new investment products, particularly offshore investment funds.

The ideal candidate is likely to be a graduate, aged between 25 and 29, with an accounting qualification and/or a banking background. to £30,000 + Car + Benefits

Strong technical and organisational skills will be required, together with the initiative and self-confidence to deal with senior management and external advisors.

In addition to an excellent salary and benefits package, which includes a company car, subsidised mortgage, pension and health scheme, the position offers genuine opportunities for advancement.

Interested applicants should telephone Susannah Truswell on 01-437 0464 or write to her, submitting a brief Curriculum Vitae, at the address below.

RECRUITMENT CONSULTANTS ns House 1 Leicester Place London WC2H 78F Telephone; 01-437 0464

# ROBERT • WALTERS • ASSOCIATES

# Chief Accountant

(Director of Finance & Administration Designate)

Central London

c£35,000 + benefits

The Partners of our Client firm, based in London with a number of overseas offices, have identified the need for review and change in the fundamental areas of the finance function within their practice.

A Chief Accountant with the financial vision to perceive the changes necessary is sought. He/she should then be able to implement and control these reviews, putting in place a system of effective financial management. These accounting functions would extend from the London to the overseas offices and some travel abroad will therefore be involved. The right candidate should anticipate a promotion to the position of Director of Finance & Administration.

Candidates should be qualified Chartered Accountants, aged between 30-45 years and should above all possess the enthusiasm and commitment to participate and assist in the growth of this expanding international practice. Interested candidates who meet these criteria should send a detailed curriculum vitae, including current salary to Clare Tattersall, quoting reference LM511, at Spicers Executive Selection, 13 Bruton Street, London W1X7AH.



### <del>\*</del> FUND CONTROLLER/PORTFOLIO **ADMINISTRATOR**

£13,000 + BUPA + BONUS US INVESTMENT ADVISORS

rate individual required for portfolio valuation, portfoli performance analysis, trade soulements and client/investment manager lizison. Experience in US banking/securities a plus. Sonant Mayfair office Approximate hours 11am to 7pm. Non smoker please.

Please send CV in confidence with telephone number for quick reply to:

AMERINDO INVESTMENT ADVISORS 17a Curzon Street London W1Y 7FE

### **MILAN STOCKBROKERS** is looking for a person who is a RESPONSIBLE DEALER FOR SHARES AND BONDS

with foreign customers. The work is for a young person no more than 30 yeas old, with verificable professional capa-city of negotiator.

An experience as trader of at least 3 years with istitutes operators will be liked. The job is in Milan. Remuneration and range will be at the highest level of the market and could be further improved in relation to company targets.

Please write by espress to FIN BROKERS S.P.A. - VIA DELL'ORSO, 5 20121 MILANO FAX 72023322 TELEX 340018 |

# Financial Directors

To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation.

InterExec SMI not only provides career advice to successful executives but also retains the unique facility of our subsidiary company InterMex to bridge the critical gap between counselling and the right job. InterMex maintains a unique data base of some 6,000 unadvertised vacancies per annum, providing the only confidential implacement <sup>6</sup> Service.

If you are considering a move or need a new challenge then telephone (01-930 5041) for an exploratory meeting without obligation.

InterExec SMI Plc Landseer House, 19 Charing Cross Road, LONDON WC2H OES. The service offered by Inserites is free and



### CORPORATE FINANCE EXECUTIVE UP TO £25,000 P.A. + CAR ETC

You will be a recently qualified Accountant (ACA, ACMA, ACCA etc) with ambitions to work in an international environment, are "computer friendly" and already familiar with Lotus 123.

Our Firm is pro-active. We specialise in arranging:

- Mergers and Acquisitions
- Mergars and requisitions
  Corporate Restructuring and Refinancing
  Banking and Finance
  Management Buy-Outs and Buy-Ins
  Public Offerings and Rights Issues

If you seek to work in a division where you will be fully extended and all your professional training harnassed both in the broad sweep of its scope but also in its minutia, please send the fullest possible Curriculum Vitae to:

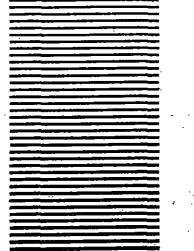
Head of Corporate Finance Grassick Walker Solicitors Grassick Walker House Charterhouse Square, London ECIM 6AX

### P.A. to **PARTNER** £25,000 Neg.

Surrey based general practice offers excellent partnership prospects to qualified Chartered with similar interests and potential for developing P.A. role.

Call Jacqui Hardcastle

01-255 1555 MERIDIAN ACCOUNTANCY (Rec Con)



Robert Neil

Executive Search & Selection

Albany House, 324 Regent Street

London WIR SAA-

=Associates ==

### FINANCIAL CONTROLLER CITY OF LONDON

TO: £26,000 + CAR + BENEFITS Our client, is a highly successful group, involved in the design, manufacture and marketing of high quality women's fashion wear in the United Kingdom, the United

States and Europe, the company has created its own districtive look and has enjoyed substantial expansion The Finance Director now wishes to appoint a new Financial Controller who will be responsible for the smooth running of the head office accounting function.

The successful candidate will be a young qualified accountant, aged in their mid 20's to early 30's who has gained good commercial experience since qualification in a fast moving, sales orientated environment.

This position also offers excellent opportunites for future career development within the group.

ie send a full CV, with handwritten covering letter to R. N. Collier, quoting reference RN4.

Guardian Royal Exchange

### **ACCOUNTANTS** LYTHAM ST. ANNES



# **FINANCIAL**

NEWAGE INTERNATIONAL STAMFORD LINCS.

contact, Accountming 13 Covell Cour North Street, Peterborou PE1 2RA

Presion, Lanca, PRI SNA. Tel: 0772,555587

CIRCA \$23,000+CAR+EXCELLENT BENEFITS

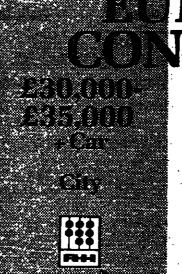
Reporting to the Finance Director prime rest overseas adsidiary companies, group consolidation and statutory requirements. Ca experience of operating in a manufactuding company, and be used to working un excellent benefits package will include a 2 titre company car, private medical insur-



Accountancy Personnel

Placing Accountants First

Hay



substantial quoted Group, operating in all principal inter-national markets. Significant growth of the European division has led to the decision to upgrade the finance function.

Joining a small and highly professional team, you will be responsible for all aspects of financial planning and control. particularly assessing performance and studying new products and potential acquisitions. You will be responsible for developing accounting at operational unit level and will work closely with directors and other senior executives at H.O. Promotion prospects are excellent.

Candidates (aged late 20's to early 30's) will be qualified Accountants (probably ACA) with experience including corporate finance or investigations work. Languages are alsmost a prerequisite (Cerman, French or Spanish), as is a readiness to travel.

Please apply directly to Greg Ripley at Robert Half. Freepost. Walter House. Bedford Street. 418 The Strand. London WC2R OBR. Telephone: 01-836 3545. or evenings on 01-485 1356. Alternatively, fax your details on 07-836 4942.

Financial Recruitment Specialists London · Birmingham · Windsor · Manchester · Bristol Leeds Brussels USA

# Financial Controller

Design/Marketing W. London

c£28,000 + Car

This is an excellent opportunity to join the management team of a highly successful organisation that has becowell established within its design/ marketing sector. With its high quality products sourced from the continent coupled with information-technology investment, the company has achieved rapid growth (current turnover £15m) taking it to the forefront of its specialist

Continual expansion plans of the business now require the new appointment of a Financial Controller who will report direct to the Finance Director and strengthen the management team. The role will implement management controls and take financial responsibility for increased profitability and the establishment of a sound base for the future planned growth.

As a consequence candidates should be qualified chartered accountants, aged late 20's, who can bring a commercial attitude to the business with sound communication skills. Drive and enthusiasm are vital to join this progressive and lively company. Please telephone or write enclosing full curriculum vitae quoting ref: 343 to: Philip Cartwright FCMA, 97 Jermyn Street London SW1Y 6JE

Tel: 01-839 4572

FINANCIAL SELECTION AND SEARCH

# **Financial** Controller

Deputy Finance Director

South East, To £48,000, Car. Executive Benefits

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This highly profitable multi-million pound turnover group in the media and communications industry is now poised for significant expansion. Reporting to the Group Finance Director, you will assume total responsibility for all day-to-day financial activities of the main operating company and play a key role in the strategic development of the Group. This is a creative position which the Group. This is a creative position which will involve close liaison with information systems personnel, with the emphasis on the continual enhancement of sophisticated

continual enhancement of sophisticated control and monitoring systems. You will be a qualified Accountant aged 38-45 displaying an impressive commercial background, possibly with previous experience as a Management Consultant. Essential personal qualities will include excellent communicative and interpersonal skills, and the shilling to lead and motivate a

skills and the ability to lead and motivate a large financial team.

This highly visible role presents the opportunity to make a vital contribution to the success of a significant PLC Group, which could ultimately lead to a directorship in the long term.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, B.E. Boylan, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, Fax: 01-734 3738, quoting Ref: H33001/FT

# Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, IDENBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTIE, NOTTINGHAM, SHEFFIELD, WINDSOR

A Member of Blue Arrow pic

### MANAGEMENT ACCOUNTANT c£30,000 + CarThames Valley

ું જારે તેનું કે જેવામાં ફુંડ છે. કે જે કે પાંચ પોલ્સીના મુખ્યો નાન્ય પ્રદેશ કે નાર્યો છે.

A newly created and influential role with a major company that operates nationally in the manufacture, marketing and distribution of consumer goods.

The appointment gives responsibility for the provision of an effective and high profile management accounting support for Directors and operating units. Particular emphasis is to be placed on planning, forecasting, capital appraisal evaluation, performance review and the development of management accounting systems.

Applications are invited from qualified management accountants aged 28-38 who can demonstrate proven industrial accounting experience, strong technical ability and better than average communication skills. The successful candidate should have the ambition to progress in a dynamic environment which is enjoying profitable organic and acquisitive growth.

For further information on this exceptional career opportunity please contact Malcolm J. Hudson.



# **HUDSON SHRIBMAN**

VERNON HSE SICILIAN AVE LONDON WC1A 20H TEL: 01-831 2323

FINANCIAL RECRUITMENT

### NEWLY QUALIFIED?

NORFOLK : £20K + CAR

Did you qualify in Accounting or graduate in Business Studies simply as the first step towards a wider career in management?

An integrated manufacturing subsidiary of a worldwide famous group, our clients offer a place in their management team to an ambitious young person with some experience of the manufacturing industry.

Fulfilling a broad, creative brief involving financial, systems, purchasing/materials, commercial and secretarial responsibilities you will work closely with the team to . manage this highly successful small profit centre.

Whilst providing an excellent long term opportunity to develop your considerable business management potential to the highest level, our clients will look for marked inter-personal skills in the chosen candidate.

A comprehensive benefits package includes relocation expenses. The company would prefer a non-smoker.

Write, enclosing a CV to Mrs E Kitchen, Executive Recruitment Advisory Services, 2 Market Hill, Diss, Norfolk, IP22 3JZ, quoting reference

### MANAGER – BUSINESS REVIEW

**Ambitious Young Chartered Accountant Major International Securities Company** то £32,500 + Car + Bonus & Substantial Mortgage Benefit

Our client is the UK Subsidiary of one of the largest International Securities Companies in the world. They have expanded rapidly in London and now have a staff of over 400 people.

The growth has led to a requirement for an additional person reporting directly to the Chief Financial Officer, whose main responsibility will be to review the controls of the major revenue earnings sectors of the business which include, Securities, Gilts, Futures, Fund Management, Corporate Finance, and Merger and Acquisitions. A high level of Business Awareness and excellent communication skills are pre-requisites. The individual appointed will be a Chartered Accountant between the ages of 25 and 29 with post qualification experience of the financial services sector in practice or in commerce. The opportunities for an ambitious self. starter are outstanding.

For further information in strict confidence, please contact Raj Munde A.C.A. on 01-240 1640 or forward a detailed résumé to our London office quoting reference no. 9/662, Morgan & Banks, Search and Selection plc. 114 St. Martin's Lane, London WC2N 4AZ. Fax: 01-240 1052

Morgan & Banks

LONDON WASHINGTON

### An Exceptional Opportunity to Influence Positive Development CONTROLLER — FINANCIAL PLANNING

**SE Home Counties** 

up to £40,000 + car etc



A leading player within the consumer leisure sector, our client has developed, both organically and by acquisition, many well-known brand names during the 1980's. It has recently announced its new strategy, which will further develop the quality of product and service provided to its customers, thereby forming the basis of its market for the

An essential aspect of this development will be the contribution of the Controller - Financial Planning who, reporting to the Commercial Director and leading a professional staff of 10, will be required:

- To add to the business through a pro-active input to product/business development
- To appraise and influence different products and services according to their varying needs

• To impact upon senior operational and marketing management and further develop the finance function as a driving force within the business

As the successful candidate, you will be a Qualified Accountant and will need to demonstrate previous exposure to a commercial, preferably multibrand, environment, where you have been fully involved in the resolution of key business issues. It is essential that you are able to evidence a history of 'adding' to a business in addition to effectively performing a role. The opportunities to progress both within the Division and the wider Group are excellent.

If you feel that you wish to discuss the potential of this situation further, please write to Karen Wilson, Director at FMS, 14 Cork Street, London WIX 1PF

enclosing a recent CV and a note of current salary.

Search and Selection Specialists Financial Management

# Major International Bank Chief Accountant

to £35,000 + Banking Benefits

Our client is one of the world's top 50 banks with a growing global network. Expansion of its London branch has created the need for an experienced accountant to facilitate greater control.

The responsibilities relating to this new role will include: financial and management accounting, regulatory and tax reporting, identification and implementation of effective control systems, liaison with external authorities, auditors and senior bank

You will probably be a graduate accountant, in your mid 30's, with general banking experience (exposure to branch accounting would be an advantage). Candidates should be bright, enthusiastic, reliable, flexible and looking to take on an interesting

Candidates interested in this exciting opportunity should contact Suzie Mummé on 01-248 3653 (01-673 2549 evenings/weekends) or write, sending a detailed CV to the address below or use our confidential fax line on 01-248 2814. All applications will be treated in the strictest confidence.

76, Warling Street, London EC4M 9BJ



Tel: 01-248 3653

CONSULTANTS IN RECRUITMENT

# FINANCIAL CONTROLLER

YORK

Portakabin Limited and its five subsidiaries are the leading providers in the EEC of all-steel module based building systems in both relocatable and permanent form. Supported by strong financial, technical and marketing resources and manufacturing facilities, the Company has an outstanding reputation for product quality and service.

A Financial Controller is required to head up and manage the financial and accounting function within the Portakabin Group. Reporting directly to the Chief Executive as a member of the top management team, the appointee will play a key role in the day to day running of the Group companies and in policy setting and business development.

A prime responsibility will be to advise on the most efficient arrangements and uses of the Group financial resources and to ensure their effective management having regard to taxation, company law and other matters both in the UK and other European countries in which the Group operates. This will involve the operation of sound financial evaluation, control and reporting systems focussing on profit achievement and the maintenance of a strong financial structure coupled with the application of financial expertise in exploiting sales and marketing opportunities and anticipating future financial

Candidates will be qualified Accountants with a proven track record, strong technical and inter-personal skills and a high level of commitment. The position provides an opportunity to join a vigorous and financially strong Group of Companies and offers excellent future career prospects.

An attractive remuneration package appropriate to the scope and responsibilities of the position includes a company car or car allowance, entitlement to membership of a non-contributory pension and life assurance scheme and relocation expenses where appropriate.

Applications in strictest confidence to:

Roger Wood Personnel Controller, Portakabin Limited, York YO3 9PT. Telephone (0904) 611655 Portakabin

### **REGIONAL ACCOUNTING MANAGER** NAIROBI, KENYA

c.£30,000 net Mowlem have carried our construction projects in East Africa for over 40 years and now seek a qualified Accountant who

has broad based business experience, preferably in

This is a senior appointment which carries a sub-stantial remuneration package for a candidate who wishes to build a career in a prestigious group whilst residing in an mely attractive location. Applicants with a minimum of 5 years' post qualifying

experience are invited to apply by sending their CV's to:- The Financial Director, Mowlem International Limited, Foundation House, Eastern Road, Bracknell, Berkshire

**Mowlem International** 

FINANCIAL DIRECTOR DESIGNATE A fast-growing North Sussex computer company are

urgently seeking a Financial Director Designate to strengthen the existing management team.

It is envisaged the the successful candidate will be 30-35, have excellent commercial experience and the

ability to assist in driving a dynamic company. The provision of management information must be a forte, and computer literacy would be an advantage, though the successful applicant will not necessary be qualified. A more than competitive package and excellent prospects (including a possible share option) will be offered to the right person.

C.V.s please to Box A1376, Financial Times, One Southwark Bridge, London SE1 9HL

# Head of Management Accounting

City

to £30,000 + Car + Bank Benefits

Our client is a leading force in global investment banking, with activities in all markets and major financial centres.

Based in the City, the Head of Management Accounting will have responsibility for the co-ordination and management of a large team of staff, and for ensuring that a variety of high profile reports are produced to tight deadlines. Reporting to the Head of Management Information, the role also encompasses the provision of full information support to business units and control of mainframe systems.

The successful candidate will be a self-motivated, qualified accountant, aged 27-32, with strong managerial skills who is capable of working within strict timeframes under minimal supervision. Additionally, strong communication, analytical and report writing skills are prerequisites to this appointment.

If you are looking for a challenge, an interesting role and career progression within a fast moving environment, please contact Diane Forrester ACA on 01-831 2000 or write to her at Michael Page Finance, 39-41 Parker Street,

London WC2B 5LH, enclosing a detailed career history, and quoting ref. 102.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

# **Financial** Systems Consultancy

Scotland, North East, North West, and Yorkshire to £25,000 + Benefits

Our client is currently experiencing considerable growth and expansion, emerging as one of the UK's leading firms of management consultants. This reflects not only economic development in the North but is an indication of the enviable reputation they have established through providing an outstanding service to their clients.

Ever increasing demand for these services has resulted in the need to appoint a number of high calibre young accountants. The successful candidates will gain experience in all industry sectors, predominantly working at Blue Chip clients.
They will define the companies' requirements with particular responsibility for the specification, selection and implementation of Management Information Systems. This would be seen as the first step

on a career path within consultancy and opportunities to progress into other areas of MCS will only depend on the ability of the applicant. Potential for progression is excellent.

Candidates will be qualified ACAs, ACMAs or CACAs, aged up to 27 who can demonstrate a high degree of success in their career to date allied with first class commercial and interpersonal skills.
Knowledge of MIS/Systems Implementation is desirable although not essential as excellent training will be provided.

Interested applicants should write to
Adrian Hitchenor, Michael Page Finance,
25 Collingwood Street,
Newcastle-upon-Tyne NEI IJE. (Tel: 091-222 0545), quoting Ref. NE021.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingh Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

### **GROUP FINANCIAL CONTROLLER** MUSIC AND LEISURE INDUSTRY

LONDON

c£35,000 + BONUS

Our client, a Group of 15 companies, whose annual turnover is in excess of £30m, has created a career opportunity for a qualified Chartered Accountant to assist with the development of the Group in it's future expansion programme.

The successful candidate will report directly to the Managing Director and Chairman, and be responsible for all financial matters including; supervision of the Accounts Department' preparation of Budgets, Cash Flow Forecasts, monthly and annual Accounts as well as various as hoc assignments.

If you believe you can fulfil the requirements of this exciting opportunity and are aged 30 to 35 then please send a comprehensive C.V. quoting reference 1580

> M.G. Cook F.C.A., Cook and Partners, Chartered Accountants, Manufactory House, Bell Lane, Hertford, Herts. SG14 1BP.

# DIVISIONAL FINANCE DIRECTOR

With International Perspective

Greater Manchester £40/45k package

Our client is a substantial public company with interests worldwide. In order to compete more effectively and cohesively in a tough global marketplace, a new division (t/o £75m) has been formed from a number of manufacturing and distribution businesses mainly in the UK and in Europe. To complete this major task, and help introduce the sophisticated procedures and systems necessary, the Managing Director requires a high-calibre business-minded Finance Executive.

An early priority will be to develop a strong and responsive reporting and control structure to provide the basis for management planning and decision-making. You will need to establish a regular review of key performance criteria including product profitability, and develop effective strategic planning and budgeting mechanisms for a world market that requires long-term commitment to capital investment.

To make a major contribution to the success of this initiative, you should be a graduate qualified accountant with a firm grasp of business realities and well-practised interpersonal skills. You will have an appetite for hard work and the necessary experience at a senior level to enable you to operate effectively within a demanding work.

To apply, please write to or telephone Dudley Harrop or Lawrence Remett at our Manchester office, quoting ref. MX137.

Amethyst House, Spring Gardens Manchester MZ 1EA. Tel: 061-834 0618

ASB RECRUITMENT LTD. A DELL

# FINANCE DIRECTOR

East Midlands Age 30-45

c£40,000 package + benefits + exec. car

Our client is a world leader in its niche specialism of high technology contracting and has consistently achieved this status by maintaining the highest standards of design, installation and service. It has a turnover in excess of £40m, and is a major. subsidiary of an acquisitive public company. Its demand-led expansion plans, coupled with the Group's decentralisation programme, has created the need to strengthen the Board with a commercially-astute Finance Director.

Your key tasks will be to develop and improve the quality of financial information received by the executive team, highlighting and recommending action required. It will be necessary to upgrade the existing computer systems to achieve this goal, as well as building your finance team as required. Whilst this is a complex, international business, the Managing Director will quickly expect you to become involved in all areas of financially-related matters, make a significant contribution to strategic planning, and play a major part in increasing profitability and efficiency into the 1990's. You will also be expected to help in possible diversification activities. You will be a clear-thinking, tough-minded qualified graduate accountant who has

succeeded in an engineering or contracting environment by having excellent motivation and communication skills, the ability to initiate change, and the stature and presence to quickly be accepted by your colleagues.

To apply, please contact Chris Davis at our Birmingham office, quoting rel.

Wellington House, 34 Waterloo Street, Binningham B2 51] Tel: **021-233 0101** Fax: 021-233 0027

Also at: Manchester, Leeds, Liverpool, Nottingham and Swindon

ASB RECRUITMENT LID & Division of ASB Bernett Kinnings Pic

A Key Role at the Heart of a Multi-Disciplined Team

# Group Tax Manager

Central London

A major quoted British group, Kingfisher is market leader in several retailing sectors and is also expanding fast in both property development and in financial services. The company i committed to dynamic growth, both internally and by

Strategic direction and control of the group's activities is in the hands of a small, high profile and commercially orientated finance team of high calibre professionals, where promotion has created a vacancy for a Group Tax Manager.

Overseeing all the group's tax affairs, your role will comprise: \* Management and co-ordination of the tax function in the UK and elsewhere; \* Being part of the group's corporate finance team

**£**Competitive and involved in acquisitions, corporate reorganisations and the planning of major projects in property and other areas;

\* Planning the group's tax position in all areas A qualified accountant or FT Inspector, you will have at least 3 years' tax experience gained in public practice or commerce. You will have an outgoing personality and strong communication skills, both oral and written, as the role involves close liaison with the highest levels of management. Above all, you will want to be part of a small team running one of the UK's leading companies. If you would like to know more about this challenging position, please contact Jane Hayes ACA on 01-831 2000 or write to her at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.

Michael Page Taxation

International Recruitment Consultants

# International Accountant

c£27,000 + carOxfordshire

Over the last three years a radical and dynamic strategy-driven restructuring has transformed TI into a global player in the high margin, niche areas of specialised engineering. The Group has developed into a truly international and profitable organisation, primarily by a policy of disposal of non-core businesses and carefully selected acquisitions of new ones. As part of the restructuring exercise the Group is now setting up a new operating headquarters in Oxfordshire which has led to opportunities for two experienced and talented financial specialists to join the group at a demanding and exciting phase

of its development. Reporting to the International

Taxation Manager the successful candidates will be responsible for the development of the internal systems to charge services provided by one company to another in addition the role will involve the undertaking of various tax related exercises associated with the company's international finance structure. A key part of the role will be extensive travel to ensure close liaison with all the operating companies.

These two challenging positions will require candidates qualified to ACA/ACMA level combined with several years experience of operating within a commercial environment. Because of the lengthy periods of working out of the office

you will have to be self motivated, with the ability to mix with a cross section of personnel. A working knowledge of a European language would be an advantage.

in addition to an attractive salary the position provides a car and excellent opportunities for advancement within a dynamic organisation. If you wish to be. considered for this position please send a full CV quoting current salary to: Penny Stocks Price Waterhouse Livery House 169 Edmund Street Birmingham B3 2JB



Price Waterhouse



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### **High Visibility and Broad Exposure** FINANCIAL CONTROLLER

West End

c. £30,000 plus car

Our client is a major publication, within one of the UK's most prestigious media/publishing groups. Well-known for its variety and quality, the group is in the process of devolving greater autonomy to its business units. This will in turn lead to the reappraisal and redevelopment of many of the financial controls and reporting requirements.

A young Financial Controller who will be instrumental in these changes is therefore required.

Managing a team of 12 staff, you will be responsible for

Periodic/annual accounts and management

reports

Budgets and forecasts (P&L, Balance Sheet and

Cash Flows) Managing an effective credit control function ● Liaising with operational management

 Undertaking ad hoc investigations as required. This is an ideal opportunity for a young Accountant to not only run his/her own department but also to develop it and to direct change.

You will be a self-motivated qualified accountant, with highly developed inter-personal and leadership skills, with the ability to adopt a 'shirt sleeves' approach as well as to step back and take the

Excellent opportunities for progression within the group exist in the medium term.

If you wish to discuss this opportunity further, please contact Shirley Knight, RA, MRA, ACMA on 01-491 3431 or write to FMS, 14 Cork Street, London WIX 1PF enclosing a recent CV and note of current salary.

Search and Selection Specialists

Financial Management

**BUSINESS ACCOUNTANT** Up to £19,890 p.a.

DOES YOUR COMMERCIAL FLAIR EQUAL YOUR KNOWLEDGE OF PUBLIC SECTOR PRACTICES?

Competitive tendering has given a sharper edge to public sector practices - that's why we're looking for a special person to take on the role of our Business Accountant - within the Direct Services Organisation. Someone who combines business acumen and commercial flair with a real commitment to the public sector. Someone who wants an opportunity to broaden their experience across a wide range of activities.

An ICWA or CIPFA qualified accountant with several years' experience, you will be responsible for the management, control and development of financial and accounting procedures for the Direct Services Organisation, including preparing financial plans and developing and maintaining cost effective procedures for buying in supplies and materials.

In return, we offer an attractive benefits package which include flexitime, relocation and house purchase assistance schemes, free car parking, a generous holiday entitlement, free life assurance, 25% discount on private medical care, and an option to join our superannuation

Applications are welcome from anyone, irrespective of their sex, marital status, race, religion, colour or disability.

Job description and application form available from Personnel, District Council Offices, Civic Centre, St. Albans or telephone (0727) 33748 (24 hour answerphone service).

Completed application to be returned by 27th October 1989.





East London

£35,000 - £40,000

Our client is one of the most reputable names in the exhibitions and display stands industry. The company has seen an 80% growth in turnover in the past three years and is keen to expand the range of services still further. It has a broad spread of subsidiaries and divisions throughout the country and how has a turnover of 24 million.

A Finance Director Designate is sought to develop further financial controls in line with the commercial growth of the company. In addition to the traditional financial responsibilities, the appointes will become involved in commercial aspects of the business such as assessing the profitability of deals on potential acquisitions and fizising with local government departments on

potential grants. The position will also carry responsibility for staff relations.

The successful candidate will be a qualified accountant with an entrepreneurial approach and an interest in general management issues.
Experience of a commercial role in the services sector is essential and you should be able to demonstrate a dynamic and ambitious personality.

As well as the basic salary, an executive car, pension contribution, private health care and a performance related bonus will be offered. If you feel you have the necessary skills and experience to succeed in this role, please contact Kelly Iriondo in confidence at the address below, quoting reference SHA 1367.

A member of Honeath Interneti



MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA

# **Financial Director**

North West England

Salary c. £45,000 + benefits

Our client is a major privately owned international chemicals group, with global turnover in excess of \$1.5 billion. The group is expanding its European operations which include a UK subsidiary based in NW England. Turnover is expected to reach £80 million during 1990. Expansion will take place throughout Europe by organic growth, acquisition and joint venture.

The Financial Director will work closely with the Managing Director of the UK-based subsidiary, and assume responsibility for all aspects of the company's affairs, particularly the development and maintenance of reporting systems and process costing. There will also be an involvement in investment appraisal, acquisitions, foreign currency management, relation-ships with bankers and professional advisors and a full company secretarial role.

He or she will also work with the Senior Vice President (Europe) on strategic financial issues relating to the developing European operation, for example acquisition appraisal and negotiation, invesment appraisal and currency management.

Candidates will be qualified accountants, educated to degree level, with experience in sophisticated accounting systems, process-based costing systems and US reporting requirements. Experience of currency management and investment analysis would be an advantage, as would a track record in the chemicals industry.

A prime requirement is the willingness to work as a member of the management team to develop accounting and costing systems, and to integrate successfully into an international organisation.

Please reply in strict confidence, with details of age, career and salary progression and education and qualifications to Caroline Dunk, Deloitte Haskins & Sells Executive Selection Group, Cloth Hall Court, Infirmary Street, Leed LS1 2HT. Please quote reference FI/7185 on both envelope and

**EXECUTIVE SELECTION** 

# FINANCIAL CONTROLLER

CSE Aviation owns and operates Oxford airport. Its main trading activities are fixed wing and helicopter pilot training, aircraft sales, maintenance and repair, aircraft operation and management, helicopter charter and aviation engineering training.

The Company's standards and services are highly regarded within the international aviation industry. Over the last 25 years, CSE has trained 6,000 students for more than 80 of the world's airlines. 450 people are employed in the various divisions and turnover is c£25m.

Strong financial management and planning is crucial to these very different, albeit related, business activities. Reporting to the Financial Director, this key appointment carries full responsibility for the financial affairs of the

from £32,500 + car

operating divisions, working within a small senior management team. There is considerable commercial involvement Computerised systems are well established on a multi-terminal IBM S38.

Candidates must be qualified, commercially aware and used to managing in a broadly based business. They must have the confidence and communication skills quickly to establish rapport and influence with the executive team. A mix of financial and management accounting experience is sought and some treasury experience will be useful.

CSE is a dynamic business with exciting prospects including the development of pilot training operations in the US. To apply, please send a cv., noting current salary, to Mike Smith, quoting ref: C/71.



# Director — European Taxes

West London, Middlesex (Near Heathrow Airport)

Excellent salary + Car + Benefits

To meet the challenge of a rapidly expanding and highly developed European market, our client is seeking a dynamic tax specialist to become Director — European Taxes, This high profile position involves principally advisory and consultancy work and reports back to the U.S. parent directly to the Director — International Taxes. Responsibilities will include:

- Recognising, developing and communicating strategies designed to minimise the foreign tax liabilities related to the operations of and distributions from the corporation's European subsidiaries;
- Overseeing, coordinating and liaising with external tax advisors on compliance activities, tax audits and special
- Maximising tax efficiencies through implementation of restructuring and rationalisation strategies;
- Analysis of and participation in potential acquisitions and divestitures; and
- Identification and implementation of tax planning opportunities for all of the corporation's European subsidiaries.

For this highly demanding and autonomous role potential candidates should be self-motivated decision-makers with technical flair, preferably with ACA/ATII qualifications, and a minimum of 4 years' corporate tax experience gained within either a professional or commercial environment. This is an ideal opportunity for an innovative self-starter to carve out a special niche within a highly prestigious U.S. corporation. For an appointment at this level, there will be the opportunity for international travel, and financial rewards commensurate with experience.



For further information and an initial discussion please telephone Kate Bielby or Sarah Jemison on (01) 583 9673 (Day) or (01) 223 4176 (Evenings & Weekends). Fax (01) 353 3998.

Alternatively write to Kate Bielby at 16-18 New Bridge Street, London EC4V 6AU. All enquiries will be treated in the strictest confis

BADENOCH & CLARK recruitment specialists

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## **KPMG** Peat Marwick McLintock

**Executive Selection and Search** Abbots House, Abbey Street, Reading RG1 3BD

# **Financial Controller**

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The UK sales and marketing company of a major computer manufacturer computes a number of business units that focus on key industry sectors. Two of these are now being marged to form a major commercial entity with tumover in the control of CST million and tumover in the control of CST million and tumover in the control of CST million and tumover in excess of £150 million and some 650 staff.

The restructuring has created the need for a senior manager to provide a financial planning and accounting service to the unit. Responsible for a service to the talk, responsively of a small featin, you will have a wide role that encompasses both the preparation of financial plans, budgets and forecasts, and the reporting and monitoring of financial results and trends. In particular, you will be expected to ensure that the accounting systems and processes are developed to the highest professional standards and to meet the changing needs of the business. A priority will be the successful integration of the finance functions of the two business units.

This is an excellent opportunity for an ambilious graduate accountant to join a substantial multinational organisation, where management development and progression are given high priority. You will be in your late 20's or early 30's, with several years post qualification.

experience gained in a senior financial role in commerce or industry.

Résumés please, including a daytime telephone number and an indication of present salary, to Peter Jones, Coopers & tybrand Executive Resourcing Umited, Abacus Court, 6 Minstrut Street, Manchester, M1 3ED, quoting reference page.

**Executive** Coopers & Lybrand

MANCHESTER, TO £30K + BONUS + CAR

**Financial** Controller

**East Midlands** 

Circa £30K + benefits

OUR CLIENT is a long established, quoted group whose principal activities include housing, construction and property development. The group has a turnover of circa £160 million and has an exceptional record of growth and profitability.

• A FINANCIAL CONTROLLER is required to work with the Group Finance Director and be responsible for head office staff providing accounting services to the rapidly expanding commercial division which includes construction, property and other developing activities. It will involve close liaison with group and subsidiary staff as well as auditors, legal advisors, bankers, insurance brokers and pension advisers. It is an expertingly to join the long management team of a successful, major opportunity to join the top management team of a successful, major quoted group and to participate actively in its further growth.

• CANDIDATES should be qualified accountants, ideally ACA/CA, aged around 30, with experience of a range of larger audits and several years in industry, preferably in the construction/property development sectors. Ideal experience will include line management of an accounts department, consolidation of group accounts in a public company, involvement and interest in taxation and treasury. In personal terms, the candidate will be enthusiastic, ambitious, sound in judgement and with the ability to work independently.

• REMUNERATION package will include attractive basic salary, performance bonus, share options, company car and other benefits normal to a major group.

Please write in confidence, enclosing full career details, quoting ref. \$71008, to: Mark Stroud, WBH Human Resources, Alliance House, 63 St. Martin's Lane, London WC2N 4JX.

University of London The London School of **Economics and Political** INSTITUTE OF

MANAGEMENT Chair in Management

....

Applications are invited for the above newly established Chair at the London School of Economics. The holder of the Chair will act as Director of the School's new Institute of Management and will be expected to play a key role in the setting up and development of the Institute. Drawing on the School's strengths in the social and human sciences, the aim of the Institute is to provide a focus in the School for the careful and serious study of management, with particular emphasis being given to its international aspects. The Institute will undertake and co-ordinate undergraduate and postgraduate take and co-ordinate indergraduate and postgraduate teaching, research and short courses in the area of business and management studies. Applications are welcome from candidates in the social sciences with interests in any area of management who would be interested in leading this new initiative.

Further particulars for this post are available from the Staffing Officer, The London School of Economics and Political Science, Houghton Street. London WC2A 2AE, Applicants should submit eight copies of a full curriculum vitae together with the names of three referees to the Staffing Officer, London School of Economics and Political Science. Closing date for applications 20 November 1989.

# **Finance Director Manufacturing**

New post with general management potential To £35,000 inc bonus + car: West Midlands

A major subsidiary in a fast expanding acquisitive plc, our client is involved in specialised manufacturing activities for home and overseas markets with exciting plans for further development. The company has embarked on a plan to enhance the finance and information technology functions to meet the expansion of the business.

Candidates, ideally aged between 30 and 35, must be qualified accountants with a

proven record in manufacturing industry. Communication skills and the potential to move towards general management are essential.

The remuneration package will include a profit related bonus, quality car, BUPA, pension scheme and, where applicable, relocation assistance.

Please write - in confidence to Andrew Russell, Ref. 76568 with full career details. MSL International, Centre City Tower, 7 Hill Street, Birmingham B5 4UA.

**MSL** International

# Financial Accounts Manager

### South Hertfordshire

Our client, a major force in the electrical retailing business, is an integral part of an impressive international group turning over in excess of £3 billion and employing over 64,000 people around the world.

Following recent reorganisation the need has arisen for a Financial Accounts Manager at their Head Office. Reporting directly to the Financial Controller you will be responsible for the management of the financial accounting function including a significant number of staff, not all at the same location.

Although a sound technical background is necessary, the role requires mature candidates with proven management, communication and administrative skills with an analytical approach to problem solving.

 $c \neq 28,000 + Car + Benefits$ 

Knowledge of EPOS, although not a prerequisite, would be an advantage.

Ideally, candidates should be qualified accountants. aged 28-35, currently in managerial positions within a retail or service environment, yet still seeking further challenge and responsibilities. Prospects, being part of an international group committed to individual development and progression, are extremely attractive.

In the first instance, interested applicants should write to Helen Wallis at Michael Page Finance, Centurion House, 136-142 London Road,

St. Albans, Herts AL1 1SA enclosing your current Curriculum Vitae. Alternatively, contact her on (0727) 65813.

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham

Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide





### **FINANCIAL** CONTROLLER/ FINANCE DIRECTOR **DESIGNATE**

**NORWICH** 

28K + Car + Profit Share

Start-rite Shoes, the long established shoe manufacturer with a £20m turnover and an expanding retail subsidiary, seeks a fully qualified, commercially minded accountant - probably aged 30/40, with experience of producing financial and management information to tight deadlines and with a sound knowledge of computer based accounting systems.

The successful applicant, as well as being responsible for monthly management accounts, budgets, cashflow forecasts and the development of the financial and cost accounting systems, will be an active financial manager and will be able to contribute significantly to future policy as an integral member of a small but successful management team.

Apply in confidence with full CV to:

The Secretary, Start-rite Shoes Ltd., Crome Road NORWICH NR3 4RD

# **Financial Managers**

Attractive Package Midlands/International

Excellent opportunity for young Graduate Accountants to join the fast track in a leading UK engineering and service multinational.

### THE COMPANY

- ♦ FT-SE 100 plc poised for further growth, with diversified manufacturing and service businesses in Europe
- Strong emphasis on financial management throughout

- ♦ Initial placement in a substantive role in corporate finance, treasury or central finance function. ♦ Early progress into senior financial appointment in
- corporate centre or in operating companies.

### **OUALIFICATIONS** Exceptional business/economics graduates with

- ♦ Excellent record of post-qualification achievement
- either in profession, industry or the City.
- Strong technical and inter-personal skills, drive and ambition to achieve early senior responsibility.

### International Mobility. THE REWARDS

- Competitive base salary with excellent fringe benefits including fully expensed car.
- Outstanding prospects.

Please reply in writing, enclosing full cv, Reference BH3190. Bennetts Court, 6 Bennetts Hill, Birmingham B2 5AF



LONDON · 01-493 3383 SLOUGH · (0753) 694844 HONG KONG · (HK) 5 217133



ACCOUNTANT WEST END

TO £50,000 + BONUS + BENS

A major European Bank requires an ACA with o or European Bank requires an AAA ware expensence in investi as the number two in the main financial accounts area. I ant will be aged 30-35 and will be a dynamic, highly motive

FINANCIAL ANALYST

TO £30,000 + CAR

+ BENS A major City institution requires an ACA/CACA/CIMA to pro-management and directors with imancial information on inton strategi aful applicant will have had a mini

SYSTEMS ACCOUNTANT

development, implementation and ougoing enhancement of a major pe Suitable candidates will have had three to five years expension of

103 Whitecross Street, London EC1Y 8QT Telephone 01-588 9552 Fax: 01-588 9300

### COMPANY ACCOUNTANT

Excellent salary + Car + Other benefits (Rural Location)

Our client, a highly successful UK subsidiary of an international engineering company, offers an ambitious accountant excellent

The candidate will initially work at the company's Head Office in Croydon, with a view to relocating with the company in 1990 to custom built offices in rural Telford.

Responsible directly to the Managing Director and in charge of a team of 5, you will be keen to contribute to the continued success of the business. You will undertake a wide ranging role involving the day to day running of the financial function, computerised systems development and significant involvement

in the management decision making process. A strong business and commercial bias is vital, relevant experience being more important than professional

If you wish to apply please write with comprehensive career details or phone for an appointment with: Belinda Brown Kingston Smith Chartered Accountants Devonshire House, 146 Bishopsgate, London EC2M 4/X Telephone: 01-377 8888

# **Deputy Chief** Accountant

BNP Securities Ltd., the London securities division of Banque Nationale de Paris, is continuing its expansion in the European equities market.

An excellent opportunity has now arisen for a qualified accountant to join our team.

### Responsibilities:

Day to day running of the accounting function, responsible for the supervision of 2 staff;

Production of management, group and regulatory returns to tight deadlines;

Continued development of the accounts department procedures and controls, including computer implementation.

### Profile:

Newly qualified graduate Chartered Accountant from the Big 8 with an excellent academic record; Able to communicate effectively, orally and in writing, at all

Plexible and self-motivated, able to work to deadlines.

### **Rewards:**

Exciting environment, providing personal and professional

The position offers significant career development potential within the BNP Group;

Basic salary in the region of £25K, plus bonus and benefits. Please write with full CV to: Sue Harwood, quoting Reference SH270.



BNP SECURITIES LTD., P.O. Box 554, 8-13 King William Street,

# Finance Director

to £45,000 + Benefits London

> Our client is a leading UK professional practice which has enjoyed consistently high organic growth in recent years. In addition to promoting existing areas of expertise, new client services are being developed on an ongoing basis. Key to the continuation of this trend is the appointment of a Finance Director.

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# **FINANCIAL TIMES**

# COMPANIES & MARKETS

Thursday October 5 1989



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### The world hits a high point

World index Not since the first quar-

ter of 1988 - the recovery quarter after October 1987's crash — has the 1987's crash — has the world index been so buoyant. In local curthe 2.9 per cent advance in the second quarter. 8.9 per cent, well up on The best performing

reflecting a recovery of confidence after the Tiananmen Square massacre in China in June.

### Sammi makes good

When Sammi Steel of South Korea launches a bond with warrants in the Euromarkets this month, it will have achieved its ambition of becoming the largest speciality steelmaker in the world. This year it bought three subsidiaries of Canadian Rio Algom — the first international acquisition by a South Korean company - and now the \$50m bond with warrants will be also be a first for the country.





vest in IOUs, and the same may happen this year, because, says one western diplomat, "the Government does not have sufficien funds to buy all the grain it has contracted for." There is concern that this year the farmers may refuse to hand over the crops unless they are paid in cash. Page 32

### AFBD fights its corner 🕝

The Association of Futures Brokers & Dealers may feel that life is being tough on it. Having just completed a largely successful drive to rid-the commodities business of most of its more ... dubious operators, a question mark hangs over its ability to survive as an independent entity. Such controversy has made the usually quiet annual election campaign for seats on the AFBD's council noisy. Page 26

### H&C cautious at halfway stage



The UK's Harrisons & Crosfield, which has been moving out of plan-tations and commodity trading into chemicals, and agricultural prod-ucts, announced an eight per cent increase in pre-tax profits for the

first half yesterday. Mr David Hopkinson, chalr-man (left), spoke in cau-tious tones: "in the second half of the year profits are unlikely to advance at a significantly faster rate." Page 28

### Market Statistics Care of Care of the County

Benchmark Govt bonds European options exch FT-A indices FT-A world indices FT int bond service

London tradit, octions Money markets New lot, bond issues World commodity prices World stock mid indices UK dividends announced 32 41 28 34-37

Hillsdown Holdings

Hoskyns Isopad International Ketson

Martin (Albert) Maunders (John) Motor-Columbus

Royal Life Holdings

MGM/TIA

44 25

### Companies in this section

Beckman (A) Bond Corporation Brook Service

Ciba-Gelgy Connaught Bloscs. Early's of Witney Elson and Robbins Ferranti Inti Sional

30 Cintex Australia Grampian Holdings Harrisons Crostiaid Hewden Stuart

Sammi Steel Same Holding Slade 28 Taibex Group 28 Tomkins United Newspape United Scientific Chief price changes yesterday

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# **Amersham moves to** double market share

By Jane Fuller in London

AMERSHAM INTERNATIONAL. the UK-based health care and medical products group, is to become the largest player in the world market for radio-pharmaceuticals - imaging agents used in medical diagnosis.

The company announced yes-terday that it had agreed in prin-ciple to acquire Medi-Physics from Switzerland's Hoffman-La Roche for \$61.25m. Mr Stuart Burgess, chief executive, said that Amersham will double its share of the £300m (\$480m) world market for radio-pharmaceuticals to

about 25 per cent.
As part of the deal, Roche will take a 5 per cent shareholding in Amersham, which in 1982 was the first company to be privatised by Britain's Conservative Government. Last year, the Govern-ment redeemed its "golden share" which protected Amer-

share which protected Amer-sham from takeover.

Medi-Physics, based in the US, had unaudited sales of \$53.2m in 1988 and made an unaudited loss of \$7.4m. "Medi-Physics had been expanding perhaps rather more

aggressively than it should have done," Mr Burgess said. Roche has instituted economies

that should bring the operation to break-even by the time Amersham takes it over at the end of December. It is expected to be in

profit next financial year.

The acquisition of the company, which has unaudited net assets of \$63.2m, will be paid for by an issue to Roche of Amersham shares representing about 5 per cent of enlarged share capital at 460p per share, \$30m of three-year loan notes amd \$12m in

Medi-Physics has the facilities to manufacture a wide range of radio-pharmaceuticals. The raw materials for these products are made either in cyclotrons (particle accelerators), of which Medi-Physics has five and Amersham three, or in small nuclear reac-tors, Mr Burgess said.

Medi-Physics has a 5 MW research reactor at Sterling For-est in New York. Although this will operate as part of Amer-sham, it could take five years to receive US regulatory approval for the formal transfer of ownership of what is believed to be the only commercial nuclear reactor in the US.
The US company, Which

employs about 700 people, has other manufacturing centres at South Plainfield, New Jersey, and Arlington Heights, Illinois. It also has a chain of pharmacies — a new departure for Amersham. However, these outlets are specifically for the dispensing of radio-active products to hospitals. The move will increase Amer-

sham's access to the valuable North American market. Ms Carolyn Glynn, an assistant vice president at Roche, said that radio-pharmaceuticals had been a very small part of the drug company's busine

It would, however, be a "strong fit" for Amersham, which is already a leader in radio-pharmaceuticals, a field Hoffman-La Roche is quitting through this sale. The Swiss group is keeping the home health care Roche Pro-fessional Service Centres.

### Zenith Sales (Shillion) Group net income (loss) (\$ million) 1.2 Consumer electronics 1964 85 86 87 88 1987 1988

# It's off with the new and on with the old

Roderick Oram explains why Zenith of the US decided to sell its successful computer business and stick with TV manufacturing

own at the nadir of US television manufacture, Zenith the sole US survivor in a business dominated by foreign competitors, believes the

only way is up. Earlier this week it took a huge gamble on its future agreeing to sell its computer business for some \$635m to Groupe Bull of France in order to re-devote itself to televisions, a business that has come close to killing it during the

Ten years ago when Zenith paid \$60m for Heath, a maker of assemble-it-yourself electronic gadgets which had just intro-duced a crude computer kit, the

grand strategy was supposed to work the other way around. From this humble start, Zenith grew rapidly into the world ader in lap-top machines with total computer sales of \$1.4bn last year, exceeding revenues from the old consumer electronics business. Computer profits have covered television losses

year after year.

The decision to trade the new Zenith for the old looks like a peculiar move but says a lot about both businesses, the com-pany's lack of options and the style of Mr Jerry Pearlman, its 50

year old chairman. The prospects of the computer the prospects to the computer business are likely to get worse not better, some analysts believe. Rapidly escalating competition is already eating into Zemith's market share and profits in lap-tops. US Government contracts which generated a third of Zenith's computer sales last year are winding down. The company, in spite of its strength in lap-tops, has never been a force in desk-top

"It's got to the point where some of the easy money is over," says Mr Robert Johnson, an analyst with Rotan, Mosle, a Hous-ton investment dealer. "Staying a leader in that business would have taken a substantial invest-

Zenith could not afford to make both computers and consumer electronics after continuing losses from the latter had wreaked havoc on its finances. Since 1985, it has consistently reported losses except for a er profit last year. Debt has tripled to \$600m and annual research and development spending has been flat at around \$100m.

Zenith tried to fix its problems by selling the loss making consumer electronics. A two-year search for a buyer for a company which was overwhelmingly dependent on the television business turned up nothing more than offers "below fire sales prices and not in the interests of shareholders," Mr Pearlman said. One person close to the company believes the best offer was under \$200m, insufficient to pay down debt and boost R & D in computers. "A foreign bidder offered more last summer but its government stopped it. They did not want to cause a political row by buying America's last television maker two months before

the presidential election."
"If they could have got an offer for \$400m or \$500m for consumer electronics, they would have stuck with computers," Mr John-

Admitting that the computer business was "very close to my heart." Mr Pearlman tried to put the best face on Zenith's strategy to sell the business and concentrate on its old line. Consumer electronics "is a tough business but an exciting one. We've been a

leader for more than 60 years."

Proceeds from the sale will pay
down most of Zenith's debt and give it an after tax gain of about \$22m. Minus the computer business and with no net interest expense, Zenith would have been profitable over the past 18

months, Mr Pearlman said. Moreover, the "momentum is building for our consumer elec-tronics business," he added. Tele-vision prices are stabilising after more than a decade of steep decline and "we have sufficient scale to be a very viable competi-

tor in the North American mar-ket." Many financial analysts and industry observers see a bleaker reality however. "All you can say is Zenith has survived, which is more than any other company did," says Mr Bob Gerson of TWICE, a leading consumer electronics trade letter.

The onslaught of imports, ini-tially from Japan which began in the 1970s and accelerated through the 1980s, sent Zenith's market share for colour television sets plunging from 20 per cent in 1982 to less than 12 per cent today, according to Television Digest. All its fellow US makers quit the business or, like RCA, fell into foreign hands.

r Pearlman railed against the foreign com-petition in frequent trips to Washington but to little effect. Analysts became impatient with him for tackling issues beyond Zenith's control, such as South Korea's exchange rate policy. Zenith reckons only 15 per cent of its dumping cases resulted in penalties against the

foreign manufacturer. ironically, most colour televi-sion sets sold in the US today are made in US plants owned by foreign companies, thanks to changes in exchange rates and manufacturing technology, and economics. But of the 11 foreign and one domestic set manufac-

turers in the US, nine lost money and three were profitable last year, according to a congressio-nal study which did not disclose the identity of the winners and

Zenith has declined to provide breakdown of the profitability of its computers and consumer electronics operations but says the latter was profitable on an operating basis last year and will be some \$15m more profitable this year.

The company has kept pace with technological change, making its 1.7m square-foot assembly plant in Springfield, Missouri, one of the most cost effective in the industry. Plants in Chicago make picture tubes and printed circuit boards. Plants in Mexico do sub-assembly work for all tele-visions, assemble smaller ones and make some cabinets.

delevisions accounted for roughly 70 per cent of its \$1.1bn in consumer electronics revenues last year, analysts estimate. Most of the rest came from video cassette recorders (4.5 per cent market share) and camcorders (3 per cent share) made under the Zenith name by JVC of Japan. Both are poor per-

Where does Zenith go from here? "It's got very able technical and marketing groups," says Mr Gerson. Its also got a great brand name and good distribution chan-nels, but dealerships are increasingly threatened by discounters and wholesalers. And it will have to run very hard to keep up with its global competitors. Mr Pearlman admits Zenith

will have "less than \$50m" left over from the computer sale to reinvest in consumer electronics. Some of Zenith's stretched R & D budget has gone on developing a transmission and reception system for high definition television. Zenith is lobbying hard for it to be chosen as the US standard for a market which will begin developing in the mid-1990s.

Leaving itself out on a consumer electronics limb with no computer safety net will help win sympathy in Washington for Zenith on both TV and government-funded research projects such as high resolution monitors. But success on HDTV would bring only modest royalties, analysts believe. Mr Pearlman sees HDTV as an incremental busi-'We're not dependent on

So for the foreseeable future Zenith is once again deeply entrenched in the commodity television business which nearly killed it before. The business looks a shade less gloomy for now but, as one industry analysts says, "it can never be frighteningly profitable."

# WestLB in joint deal with UK bank

By Halg Simonian in Frankfurt and David

STANDARD CHARTERED, the UK-based international commer-cial bank, and Westdeutsche Landesbank (WestLB), West Germany's biggest public sector financial institution, have announced a wide-ranging agree ment to co-operate in interna-tional markets and merchant

banking.
The two banks are to pool their merchant banking and cor-porate finance activites in a new joint venture. WestLB will also buy Standard Chartered's continental European branches, excluding its Swiss activities and Frankfurt office. The network comprises branches in 10 European countries and employs some 550 staff.

The two banks will also sign a co-operation agreement giving WestLB access to Standard Char-tered's worldwide branch

For Standard Chartered, the deal settles the future of its Kuropean operations, which have assets of £2bn (\$1.25bn) but generated profits of only £1m last year.

The alliance also immediately improves its capital adequacy ratios. Its risk/asset ratio under the Basle criteria will rise from 8.1 per cent to 9.1 per cent, while its Tier One ratio is likely to improve to 4.7 per cent from 4.1

No price has been revealed for the complex transaction. However, a WestLB representative ever, a Westl.B representative said the bank's overall commitment would probably be around DM400m (\$213m). A price of around £60m was talked about in the market yesterday for the sale of Standard Charter's European merchant banking operations—the crux of the deal.

Standard Chartered will pool Standard Chartered Merchant Bank with Westl.B's coverations.

Bank with WestLB's operations in corporate finance, mergers and acquisitions, project finance and international debt trading. The UK bank has some 740 branches in 60 countries and had total assets of £23.7bn at the end of last year, when it made pre-tax profits of £313m. By contrast, WestLB's assets amounted to DM166bn, while net group earnings amounted to DM161m. It was not clear why Standard Chartered and WestLB have not cemented their joint venture with an equity cross-holding. This was the method used by Banco Santander of Spain and the Royal Bank of Scotland in the one important cross-frontier banking alliance in Europe to be announced so far.

# Ciba-Geigy drops its bid for Connaught

By William Dullforce in Geneva and William Dawkins in Paris

CIBA-GEIGY, the Swiss chemicals and drugs group, with-drew yesterday from the battle for control of Connaught Bio-Sciences, the Canadian vaccines

This leaves the way open for the C\$942m (US\$801m) bid from Institut Mérieux, the French biotechnology company controlled by Rhone-Poulenc.

Mérieux, the world's second-largest vaccine producer, yester-day confirmed that it will stick by the counter-bid it launched last month, even though the

amount being offered by the Lyon-based group is well above that offered by Ciba-Geigy.

"Our bid remains on the table," said the French company, which had no further comment. The merger with Connaught Bio-Sciences would create the world's largest vaccines maker, though

at a far higher cost to Institut Mérieux than when it first approached the Canadian group last year. Mérieux had been aiming for a share exchange with Connaught, under which the Canadian com-pany's research division would

be spun off into a Dutch subsid-

iary. But it had to scrap those plans when Ciba-Geigy made last

new generation of vaccines. It would pursue "other strategic alternatives" jointly with Chiron of California, its partner in the bid for Connaught. Ciba-Geigy and Chiron run several joint vaccine research pro-

month's surprise bid worth

C\$764m, at C\$30 per share.

Mérieux responded by offering
C\$37 a share, worth C\$942m, the

deadline for which expires on

vacines for influenza, diphtheria

and whooping cough, while Mérieux is a specialist in a range of

other vaccines and blood deriva-

The Swiss company announced

yesterday that it had decided not to submit a counter-offer to Mér-ieux's latest bid because this

could not be justified on eco-

nomic grounds.

However, it said it was firmly committed to building a major international business based on a

Connaught specialises in

October 26.

grammes. These alternatives included both acquisitions and alliances, a representative said. Ciba-Geigy and Chiron had acquired a 9.4 per cent stake in Connaught, on which they will now make a capi-

# Sears shoe chains hit by high interest rates

By Maggle Urry in London

The profits of Sears, a leading United Kingdom's retailing group with its shoes and stores chains, have been hit by the impact of high interest rates on consumer

spending. The company said yesterday that first half profits fell to £80.5m (\$129m) from £92.5m, a 13 per cent decline. The figure excludes £11.2m (£9.8m) of other income, mainly profits on sales of properties and investments.

Mr Geoffrey Maitland Smith, view on the second half, but he would be "very pessimistic" if there was a rise in mortgage rates before the all-important

Christmas sales period. The shares rose 1½p to 117½p, as analysts had predicted the fall in profits. The company has been subject to bid gossip, but Mr Maitland Smith said there had been no sign of any new stake

Group turnover rose only 1.8

per cent to 2981m. However, costs rose at a faster pace and trading profits from continuing businesses fell 18.5 per cent to £81.8m. Mr Maitland Smith said special factors such as the transport strikes and launch costs on new catalogues had cut profits by

Footwear retailing which includes the Dolcis and Saxone chains, suffered a 1½ per cent fall in sales volumes and virtu-ally no increase in prices, which from this division fell by 23.5 per

cent to £31.6m. The sale of William Hill, the betting shop chain, this year for £381m had a beneficial effect as the cash released earned more than the £9.6m of profits it made in the comparable period. The group's interest charge fell from £20.2m to £3.9m. Mr Maitland Smith said balance sheet gearing would fall from 10 per cent to 5 per cent over the year.

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### Interim report and dividend

for the six months ended September 30 1989 (unaudited)

Income statement	Six months	Six months	Year
	ended	ended	ended
(R million)	30.09.89	30.09.88	31.03.89
Dividends from			
- listed associated company	61.4	44.2	196.4
<ul> <li>unlisted investments</li> </ul>	13.1	10.3	98.0
Interest earned less			40.40
administration expenses		(0.5)	(0.9)
Net income before taxation	74.5	54.0	293.5
Taxation	1.3	0.4	0.8
Net income after taxation	73.2	53.6	292.7
Preference dividends	<u> </u>	0.1	0.3
Attributable earnings	73.1	53.5	292.4
Share of retained earnings of			
associated company	410.5	281.1	569.0
<b>Equity accounted earnings</b>	483.6	334.6	861.4
Share of associated company		_	
extraordinary item	(4.1)		<u>75.0</u>
	479.5	437.5	936.4
Ordinary dividends	<u> </u>	53.0	290.0
	407.5	384.5	646.4
Transfer to non-distributable		_	
reserve	406.4	384.0	644.0
Retained earnings	1.1	0.5	2.4
Earnings per ordinary share-cents	e		
Attributable earnings	731	535	2 924
Equity accounted earnings	4 837	3 346	8 614
Dividends per ordinary			
share - cents			
– Interim	720	530	530
Final	-		2 370

Balance sheet				
(R million)	3	# 28.20.0	At 88.60.08	At 31.03.89
Shareholders' equity Share Capital		10.0	10.0	10.0
Non-distributable reserve	2	409.3	1 743.0	2 003.0
Retained earnings		83.5	80.5	82.4
	2	502.8	1 833.5	2 095.4
investment in associated company – listed	2	485.7	1 819.4	2 079.4
Other investments – unlisted	_	11.6	11.6	11.6
Value 11700 tales	_	497.3	1 831.0	2 091.0
Debtors and cash Dividend payable and other		79.0	56.1	243.0
creditors		73.5	53.6	238.6
Net current assets		5.5	2.5	4.4
	2	502.8	1 833.5	2 095.4
The market and directors' values of investments are: Listed associated company		_		
- market value	5	565.5	4 080.2	6 009.8
Unlisted - directors' valuation	_	623.5	398.7	522.9

6 189.9 4 478.9 6 532.7

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issue (millions) Net asset value - cents per share (after providing for dividend and based on

Number of ordinary shares in

investments at market 61 894 44 764 65 321 and directors' valuations)

### Comment

The company's major asset is its 25.85 per cent investment in its sole listed associated company, De Beers Consolidated Mines Limited (De Beers), and the following information was included in that company's interim results for the half-year ended June 30 1989 which were published on August 15 1989:

	Six months ended 30.06.89	Six months ended 30.06.88	Year ended 31.12.88
Earnings per equity share before extraordinary items			
- cents Attributable earnings	324	216	550
Equity accounted earnings Dividends per equity share	s 481	331	780
- cents Interim	62.5	45.0	45.0
Final	-		155.0

Sales of diamonds by the Central Selling Organisation (CSO) for the period January 1 to June 30 1989 were R5 916 million (US\$2 317 million), compared with R4 691 million (US\$2 201 million) during the corresponding period in 1988 and R4 785 million (US\$1 971 million) during the second half of that year.

There was a 15.5 per cent average increase in the price of gem diamonds sold by the CSO effective from the March 1989 sight.

For and on behalf of the board

J. Ogilvie Thompson G.W.H. Relly

Combana decrated intestitt dividen	7 140°32 92 KNIKA9
Amount (South African currency)	720 cents per share
Last day to register for dividend	
(and for changes of address or	
dividend instructions)	Friday, October 27
Registers closed from	Saturday, October 28
to (inclusive)	Saturday, November 11
Ex-dividend on Johannesburg and	
London stock exchanges	Monday, October 30
Currency conversion date for	
sterling payments to shareholders	-
paid from London	Monday, October 30
Dividend warrants posted	Monday, December 4
Payment date of dividend	Tuesday, December 5

On Wednesday, October 4 1989, the directors of the

The full conditions relating to the dividend may be. inspected at the Head and London offices of the

By order of the board Anglo American Corporation South Africa Limited per T.S. Johnson, Divisional Secretary

October 5 1989

Head office: 44 Main Street Johannesburg 2001

Rate of non-resident

shareholders' tax

London office: 40 Holborn Viaduct London ECIP IAJ

gge

14,9993 per cent

# Transco Exploration Partners, Ltd.

has sold certain offshore oil and gas properties

# **Amerada Hess Corporation**

The undersigned acted as financial advisor to Transco Exploration Partners, Ltd. in this transaction.

LAZARD FRÈRES & Co.

September 27, 1989

### INTERNATIONAL COMPANIES AND FINANCE

# SGIC may trigger Bond indemnity

By Chris Sherwell in Sydney

THE Western Australian State Government Insurance Commission (SGIC), in a move which could trigger a hefty indemnity payment from Mr Alan Bond's debt-burdened Bond Corporation, is to sell its 19.9 per cent stake in Bell

Bond's indemnity under the deal arose from the near-simultaneous purchase in April 1988 by Bond and the SGIC of stakes in Bell Group, part of the Bell stable of companies then controlled by Mr Robert Holmes à Court, a rival Perth

Analysts now believe this move by Mr Bond was the single most important cause of his present troubles, more signifi-cant even than his abortive assault in the UK on Mr Tiny Rowland's Lonrho or his trou-bles with the Australian Broad-

being offered for sale at a time when the market price for Bell

By Anatole Kaletsky

in New York

SGIC has an indemnity from Bond Corp guaranteeing it a

price of A\$2.70 per share.

Rond Corporation is challenging the validity of the indemnity through the courts, but the SGIC says this will not prevent the tender going head. If the court action fails Bond could be liable to pay out more than A\$140m (US\$108.7m) at current prices to the government agency, adding to its numerous financial woes.

At the time Bond paid A\$2.70 share, while the SGIC paid A\$2.50. But the National Companies and Securities Commission (NCSC), the Australian stock market watchdog, said there was evidence to suggest an understanding between the two. As a result, Bond was obliged to make a full hid for the rest of Bell Group exclu-ding the SGIC stake.

But it indemnified the SGIC

all of its businesses were doing well enough for it to forecast at

least a 30 per cent increase in net profits for this year. The group, presided over by Mr Franco Reviglio, produces consolidated accounts only for

The only firm numbers avail-

able yesterday were the L18,329bn (\$13.36bn) of group sales for the first half and the

L2,213bn of investments, the

former 13 per cent higher than the same period last year and

the latter up 2 per cent.

By Our Financial Staff

POSEIDON, the rapidly expanding Australian mining

company, doubled net profits

from operations in the year to June to reach A\$29.8m

(US\$28.15m) compared with

the full year.

against any loss on the sale of its stake before April 6 1989 by The holding of 64m shares is undertaking to make up the

Last March, the SGIC agreed to retain its shareholding until the beginning of October, with the indemnity period extending to May 1 1990, in exchange for A\$3m in cash, an increase in interest accruing on the Bell Group shareholding and an improvement to the value of

Bell Group convertible notes. Since then, however, Bond and the Labor Party state government headed by Premier Peter Dowding have fallen out hadly, chiefly over a controver sial A\$1.2bn petrochemical project in which they were jointly involved, but also over the indemnity.

Their dispute has brought a winding up of the petrochemical project, and exposed bitherto unknown details about the Bell Group takeover and the troubles of the now-collapsed Rothwells finance house once headed by Mr Laurie Connell, another local entrepreneur.

Bond and the state government became involved in the petrochemical project to stave

dently that a 36 per cent increase in first-half earnings had been achieved.

Last year's interim net earn-

Net earnings for the year as whole would exceed

1,700hn, said Eni, compared

Discussing its various busi-

nesses, Eni said that growth in

the energy sector was coming

from consistent improvements.

in crude oil supplies and also in the production and

ings are thought to have been

around L700bn.

with L1,308hn.

But Bond now says the earlier move on the Bell Group was also part of an attempt to resoive the Rothwells crisis: According to Mr Peter Beckwith, managing director, "the indemnity and the petrochemical project come out of the same tree and are inextricably

In its court action initiated last month to have the SGIC's indemnity declared null and void, Bond has accused the SGIC of entering into the indemnity agreement for "improper political purposes."

The Government rejects the allegations and has accused Bond of threatening the stability of the government.

between the two former allies is reached, the SGIC's proposed sale of its 19.9 per cent in Bell Group will go ahead, and it will be left to the courts to decide whether it or Bond Corporation shoulders the heavy

The group's daily output of

Chemicals profits - through

Rni's joint ownership with Fer-

ruzzi of Enimont – were hold-

ing up well in line with those

registered in last year's first

half despite a drop in prices for several products. The metals and textile

machinery businesses, once substantial loss makers,

had both now been turned

round, said Eni, and had

improved on last year's first

hydrocarbons had now reached a record level of 749,600 barrels

in the

(F) (A)

### ENI forecasts 30% advance Axa-Midi to clarify By John Wyles in Rome Nevertheless, the group's press release affirmed confiin the distribution of methane

ENI, Italy's state-owned energy and chemicals holding com-pany, yesterday reported that Farmers bid

AXA-MIDI, the big French insurance company which is attempting to buy Farmers Insurance as part of Sir James Goldsmith's break-up bld for BAT Industries, will submit new filings to US insurance commissioners to clarify the financing of the proposed

acquisition. The new filings are unlikely to silence objections from Farmers' management, who have argued that Axa's acquisition would require excessive borrowing and conflict with the leverage guidelines in Cal-ifornia and other states.

The new filings will be sub-mitted to the US insurance commissioners around October 10, according to Mr Claude bear, Axa's chairman.

Although the proposals would involve only "presentational changes," these should help regulators to understand the offer from Axa Midi, he

The most important change would be the reallocation of a \$1bn cash investment which Axa originally planned to inject directly into Sir James's Hoylake Group. Aza will use this \$1bn — to

~internal come from resources" - to pay part of the Farmers acquisition price. As planned, Axa will also borrow \$2.25bn from a bank syndicate led by Paribas.

The remaining \$1.25bn will be covered by a loan note from Hoylake, repayable after two

In its earlier filings Ara had proposed to borrow \$2.25bn from the banks and take a \$2.25bn loan from Hoylake. This plan provoked Farmers' objection that Axa was "hoping to finance its purchase entirely through debt with one-half coming from Hoy-

In its original agreement with Sir James, Aza was also supposed to pay \$800m, or about \$1bn, in cash to buy a 15 per cent equity stake in the Hoylake Group. Mr Bebear said yesterday that this deal had been

amended. Hoylake would now provide Axa with a loan of \$1bn to finance the purchase of its 15 per cent Hoylake

The two changes in the Farmers and Hoylake acquisition financing would cancel each other out in their impact on both the Axa and Hoylake

Socofi

SOCOFI, THE Geneva-based finance company mentioned in an article on Petra Bank in the Financial Times yesterday, is still in business and has not gone into liquidation as suggested. Mebco Geneva went into liquidation on April 27.

U.S. \$100,000,000 Security Pacific Corporation Subordinated Floating Rate Notes due 1982

Notice is hereby given that for the interest Period from October 5, 1989 to January 5, 1980 the Notes will carry an interest Pate of 9%% per annum. The coupon amount payable on January 5, 1990 will be U.S. \$2,411.81 and U.S. \$241.8 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.

By: The Chase Manhetter Bank, M.A. London, Agent Bank October 5, 1989

Poseidon surges to A\$29.8m and now wholly owned by Poseidon, contributed A\$4.9m to the result. Poseidon said the

purchase of Freeport-McMoRan

Australia took effect in May Sales grew even more sharply, to A\$133.5m from and therefore did not signifi-cantly contribute to profit. Since the year-end, more-A\$31m. Other income was given as A\$37m against A\$19.8m. The rises in part over, the group has gone on to win effective control of the so-called Super Pit in Kalgoor-lie, Western Australia, when reflect acquisitions during the

Poseidon said the 58 per cent Mr Alan Bond surrendered his ambitions there.

The flurry of activity at Poseidon has been initiated by owned Australian Development (ADL) more than doubled gold production to 51,5180z at Northern Territory and took a controlling interest in Pan Australian Mining, a fellow

nence as a nickel producer dur- tution at A\$6.60.

Anglo American Pacific, ing the late 1960s boom in that acquired in September 1988 - metal.

There were no extraordinary charges as a result of these or any other moves, but the previ-ous year had brought a gain of A\$189.9m, thus leaving the bot-tom-line result substantially

Poseidon said yesterday it had made no decision yet on a dividend payment. Earnings per share were 20 cents, up from 13 cents.

 Amcor, an Australian paper and packaging group, has low-ered its stake in Mayne Nickpleny, who took control earlier company, to 38.6 per cent from this year.

48.6 per cent. The shares were 43.6 per cent. The shares were The company came to promi-sold to an unnamed local insti-

# Unisys restructures to reduce costs

UNISYS, the second largest US manufacturer of big mainframe computers, yesterday announced a substantial restructuring.

The move is designed to reduce operating costs by between \$400m and \$500m annually and lower the com pany's breakeven point by \$1.5bn.

Unisys said a substantial

charge would be recorded in its third quarter results, due out later this month.

But it predicted that operating earnings would enjoy a "significant turnaround"

The main benefits of the restructuring would not be felt until 1990.

The company said it expec-

ted to cut worldwide employment by 7,000 to 8,000, or about 9 per cent. The company's total emplyment would fall to between 80,000 and 85,000 by the end of 1990. Mr Michael from the fourth quarter. Blumenthal, chairman, said.

Most of the jobs eliminated would be from Unisys' US operations, but the overseas workforce would also be cut by about 1,200.

SUN LIFE GLOBAL PORTFOLIO ("The Company") lété d'investisseme

Notice is hereby given that en Eutracrinary General Meeting of Shareholders of the Company will be held at the registered office, in a Addingen, Linembourg, on 8th October 1989 at 3.30 pm for the purpose of considering and voting on the following Agenda, namely-1. Amendment of the present form of the Company's Articles of incorporation by enventment to Articles 3, 5, 10, 11, 12, 18, 20, 22, 23, 28, 22, 28, 22 and 31, the deletion of the heading "Article 25" and the tent of that Article an atter Article 31, the deletion of the word Butterriptes and the text applicable thereto, all so as to enable the Company's Articles of incorporation to compty with the provisions of the law of 30th March 1988 and other modifications of Linembourg company saw and

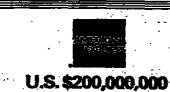
the insertion in their place, in order, of the following new numbers: 25,28,27,28,29 and 30

the quorum row me meaning is the presence, in person or by proxy, of Shareholders holding not less than 50 persons of the then issued shares of the Company. For the Agenda to be passed, a majority of not less than two thirds of all votes available to Shareholders at the meeting, in person or by note.

ors at the meeting, in person or by proxy, must be cast in layour. Each whole share in entitled to one vote.

DEN NORSKE STATE CLJESELSKAP A.S. (STATOL) PF 750,000,000

co with the terms and conditions of the Notes notice is hereby given that the arest for the Interest Period 28th September 1869 to 28th September 1869 to 28th September 1869 to 28th September 1869 to 28th September 1869 has at \$1,625% per smnum. The interest psychological on the relevant interest Psychological December 1869, will be FF2,417.19 per FF100,000 Note and FF241,72 per



American Express Bank Ltd.

Floating Rate Subordinated Capital Notes Due 1999

Notice is hereby given that for the Interest Period 6th October, 1989 to \$th January, 1980 the Notes will beer interest at the rate of 98% per annum. The interest payable on 6th January, 1990 against Coupon No. 11 will be U.S. \$241.53 per U.S. \$10,000 Nominal and U.S. \$6,038,19 per U.S. \$250,000 Nominal. DATED THIS 5TH DAY OF OCTOBER, 1988.

Principal Paying Agent ORION ROYAL BANK LIMITED Amember of The Royal Bank of Canada Group



Malaysia US \$650,000,000

Floating Rate Notes Due 2005

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 5th October, 1989 to 5th April, 1990 the Notes will carry an Interest Rate of 91/8% per annum.

Interest payable on 5th April, 1990 will amount to U.S. \$461.32 per U.S. \$10,000 Note and U.S. \$11,532.99 per U.S. \$250,000 Note.

Morgan Guaranty Trust Company of New York London Agent Bank

### INTERNATIONAL COMPANIES AND FINANCE

# SocGen and CCF report strong rises in first half

de France (CCF), yesterday increase in lending income.
both reported strongly Fund management activities,
improved earnings for the first helped by Societé Générale's half of 1989, despite the riega-tive effects of an inverted yield curve on profits in the bond

Société Générale, the fourth largest banking group in and Athens. France, said that net profits rose to FFrl.75bn, (\$278m) up by 21 per cent compared with the first six months of last

But Mr Marc Vienot, chairman, warned yesterday that earnings for the full year would probably only show an increase of between 15 and 20 per cent, since the comparison with 1988's moderate first half was unduly favourable. Mr

### Cadence Design Systems to join MCC group

By Louise Kehoe

CADENCE Design Systems, a leading supplier of computer aided design (CAD) software to the electronics industry, has joined the Microelectronics and Computer Technology Cor-poration (MCC), the six-year-old research co-operative aimed at strengthening US competitiveness in information technologies.

Cadence has agreed to share its CAD technology with the research group in lieu of pay-ing membership fees. CAD programs are used to automate the process of designing com-plex electronic circuits and

Cadence will participate in MCC's CAD research programme, one of four big programmes undertaken by the nsortium. Cadence is the first CAD supplier to join the group. Other members car-rently include leading USsemiconductor, electronics, aerospace and computer manu-facturers. "CAD is one area in which the US holds a technology lead, but it is a fragile lead," said Mr Grant Bove, MCC chairman.

id yaar,  THE two largest French Vienot said the group's classic privatised banks, Société Gén banking activities had per-érale and Crédit Commercial formed well, with a 5 per cent

recent acquisition of Touche Remnant in the UK, also per-formed well, as did the group's overseas banking divisions. especially London, New York

Société Générale's London securitles operations turned round from a loss of FFr45m to a profit of FFr70m in the first half, but profits from domestic bond market operations were an estimated FFr300m below target, as short term interest rates were for much of the period higher than bond market yields. The bank raised its bad debt provisions by FFr2.18bn, and has now cov-

MOTOR-COLOMBUS, the Swiss industrial group which has been diversifying out of

the energy field after the Fed-

eral Government's decision not

to build a nuclear power plant,

net earnings to SFr15.2m

(\$9.3m) for the year ending

June 30.
Group sales rose from SF11.6bn in 1987/88 to SF11.7bn.

Cash flow at SFr130m was up

by 8.3 per cent. The board of

the parent company recom-mends an unchanged dividend of SF135 per share. It also pro-

the share capital, to take it to

ses a two-stage increase in

reports a 4 per cent incre

ered 60 per cent of its exposure to its 10 main risk nations. CCF, meanwhile, announced net profits of FFr335m, a gain of 38 per cent from the first half of 1988 after retreatment of the figures to make the two periods comparable in account-

ing terms.

The bank warned, however, that the comparison with the first six months of 1988 gave an unduly favourable impression, noting that earnings were up 16 per cent compared with half of 1988's full year profits.

The group's net banking income rose by 6.6 per cent to FFr3.82bn while expenses rose only 5.1 per cent to FFr2.56bn. leaving gross operating income 9.2 per cent higher at FFT1.07bn. CCF also increased its bad debt provisions by FFr1.02bn, however.

despite N-plant write-off bearer shares, nominal value SFr500 each, at a price of SFr1,000 will increase the share capital by SFr45m. A further SFr30m will be raised by an issue of bearer shares.

In the 1988/89 account, Motor-Colombus has written off the SFr48m loss it suffered from the decision not to build the Kaiseraugst nuclear plant, while Atel, the power utility, in which it holds a 53 per cent stake, wrote off SFr175m.

The Baden-based parent is channelling new investments running at about SFr60m a year into new technology. Turnover in the communications sector climbed to A four-for-one rights issue of SFr250m.

### Sasea posts 27% increase

**Motor-Columbus ahead** 

SASEA HOLDING, parent company of the Geneva-based investment banking group headed by Mr Florio Fiorini, yesterday posted a 27 per cent increase to SFr15.4m (\$9.4m) in net profit for the year ending June 90, writes William Dull-force. Net earnings per share were SP7.65 against SF76 for

the previous fiscal year, and the board recommends that the shareholders' dividend be increased from SFr5.50 to SFr6

Sasea's practice is to buy majority stakes in companies, which it restructures and puts on a profitable basis before

### Gechem unveils first profits since 1985

By Tim Dickson in Brussels

GECHEM, the Belgium chemical company until recently dubbed one of Société Générale de Belgique's most notorious "lame ducks," yesterday announced its first profits since 1985 and the near completion of its divestment

In its first ever half yearly statement the company said it had achieved earnings before tax in the first six months of 1989 totalling BFr750m (\$18.9m), with net income falling to BFr307m, after BFr260m of charges and taxes and a further BFr200m in restructuring provisions.

First half consolidated sales

amounted to BFr23.5bn. Gechem also predicted "overall performance in the second half should be equally as good as the first half" and barring dramatic and unpredictable changes in the market, consolidated income for 1989 should reach about BFr750m, against a BFr886m

Mr Jean Duronsoy, chairman, explained yesterday that 10 years, and even though the following the disposals of Azotherm in plastic films, OmniChem in fine chemicals (to the Japanese group Aji-nomoto) and PRB in defence (to Astra of the UK), Gechem has taken a "critical step" in focusing its resources on two key activities.

These are polyurethane foams (via Recticel) and metallic oxides and salts (through

Sadacem).

The overall profits from the divestment programme, which will be taken into Gechem's books in the second half of the year, amount to roughly

Mr Duronsoy said yesterday that both activities are now poised for increased profits and growth and that Recticel, whose stated aim is to achieve turnover of BFr50bn by 1992, is negotiating new projects in West Germany and the US.

The company has already made a number of small but "strategically important" acquisitions in the Netherlands, Belgium, Spain and the

# Arbed steels itself for a new era

Lucy Kellaway on a change in fortune at the Luxembourg producer

he constant crisis in which Arbed, the Lux-embourg steel producer, has lived for the past 13 years

The company, which two decades ago accounted for a quarter of the country's GNP, has cut itself down to size; after investing LFr50bn (\$1.2bn) and shedding two thirds of its workforce, it considers itself to be Europe's most profitable steel company.

Last week's six-fold increase in profits, and promise given to loyal and patient shareholders that they will get a dividend this year for the first time in a decade, point to the beginning of a new era.

However, Arbed's investors, who have been looking forward to this date for the past two years, are starting to have their doubts. Indeed, the near 5 per cent fall in the share price since last week shows the mar-ket views this as the top of the cycle, and has started to worry about what will happen next.

The great turnaround in Arbed's steel division from a loss of LFr2.2bn in 1987 to an expected profit this year of more than LFrobn, would not have happened without the fair

Demand in the third quarter of the year was at its best for immediate prospects for European demand for steel are fair, many analysts expect a contraction in the market next year. For Arbed, the problem is not urgent, as its order book for the next six months to one

year is healthy.

The question is what happens thereafter, and Arbed, like any of the other steel producers, is making relatively cautious noises about demand

year from now.
The steel industry in general is in much better shape this time to withstand any downturn, as it is currently close to full capacity, and is far more efficient than before.

Even though a re-run of 1975 when steel demand fell by 30 per cent overnight unthinkable, this time there will be no European steel quotas to fall back on.

Arbed is trying to urge the industry into some kind of voluntary cutback, but so far the collective will seems to be lacking. But even without such support, Arbed considers itself relatively well placed: the light



purse of Luxembourg has never been able to provide subsidies quite on the scale of other European countries, forcing the company to be more self-sufficient than some rivals. Nevertheless, it would not take a very pronounced fall in cuit boards. demand for Arbed, along with most of the rest, to find itself

making losses again.

Against that, the company has two plans of action: to increase productivity further and diversify. It aims to reduce its workforce from about 10.500 to 8,500, so by 1992 it will take only 3 man hours to make a tonne of steel, compared to 3.5 now, and 10 in 1975.

If it can achieve that kind of saving, the company believes it should be able to remain in the hlack whatever.

hile rationalisation is nothing new, diversi-fication represents something of a departure. During the last 12 years, Arbed has had more pressing concerns, but now its balance sheet is strong - thanks to last year's restructuring and to this year's convertible issue - it has started to look outside the steel industry to deploy its LFr25bn cash flow.

Its method, however, is going to show all the conserva-tism for which Arbed is famous. According to M Pierre Thein, director of planning: Diversification is the most dangerous thing you can do, so we shall go slowly. By the year 2000 we would like to have a significant part of our business in non-steel areas."

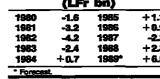
Correspondingly, the immediate budget is small, about LF:7bn between now and the end of 1992 - about half of the steel investment budget. The company is now in the process of agreeing its largest move yet away from steel - a partial takeover of Yates Industries of the US, a maker of copper cir-

Earlier this year, Arbed com-missioned the Battelle Institute to design a diversification sta-tegy for it. The result centres around the fashionable notion of value-added: the chosen areas for expansion are those in which Arbed either has relevent technical know-how - as is apparently the case with Yates — or has established links with the customers. Arbed's strategy differs

somewhat from some of the other pure steel producers like Finsider of Italy, which is not ready to diversify, or British Steel, whose diversification ambitions are limited to further moves downstream in steel – of the kind that Arbed has been taking since the

The stockmarket rehabilitation of Arbed has been so enthusiastic even the company executives think things have got out of hand. The share price has risen from LFr1000 two years ago to more than LFr7000 last week - a large rise even by the prodigious

Arbed SA net profits (LFr bn)



standards set by the other European steel producers. Part of the extra has been a

simple matter of discovery. "Arbed has been in severe diffi-culties for 15 years, a lot of people didn't know it existed or had forgotten about it. To invest in Arbed, you no longer have to be such a maverick," said Mr Peter Dupont of Phillips & Drew.

he process of discovery has also been helped by the change of ownership at Société Générale de Belgi-que, which holds 23 per cent of the shares. In the course of the battle for control of Belgium's biggest company, an attempt was made to find out what all its stakes were worth, which meant looking closely at Arbed.

The figure produced, about LFr8,000 an Arbed share, astonished more or less everyone, revealing for the first time the amount of value hidden in the Belgian and Brazilian parts of the group. Subsequently, the company

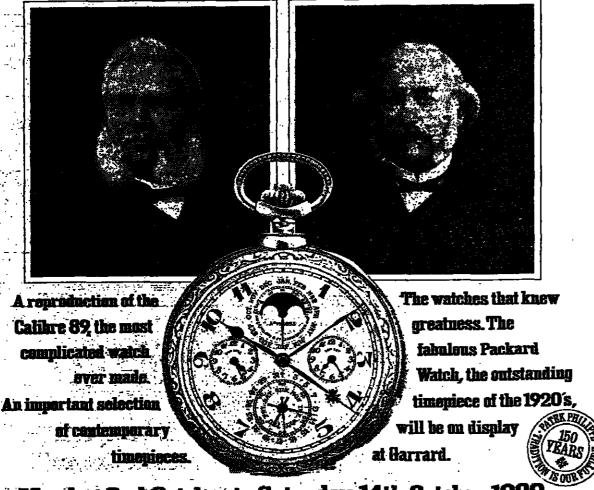
has started to supply the market with more information, producing consolidated accounts, to allow investors to reach a rather better informed decision on the value of the

There are however, precious few signs of Arbed ever becoming a truly open company with modern democratic management techniques.

It remains a big fish in the very small pond of Luxembourg, conservative, paternalis-tic and secretive, with all the flowing from that.

# EXHIBITION

# THE LEGENDARY WATCHES OF PATEK PHILIPPE



Monday 2nd October to Saturday 14th October 1989 The finest range of Patek Philippe watches will be available for sale.





We are pleased to announce that

Baring Brothers S.A.

has been granted a banking licence in Switzerland and from 5th October 1989, will be known as

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Capital Markets 67 Rue du Rhône 1207 Geneva Telephone: (022) 786 40 11 Telex: 413286 Facsimile: (022) 735 32 08



### Inspectorate International Finance N.V.

(a company incorporated under the laws of the Netherlands Antilles)

(the "Issuer")

Notice of a Meeting of the holders of the

U.S. \$75,000,000 3½ per cent. Guaranteed Bonds due 1993 (the "Bondholders" and the "Bonds" respectively)

guaranteed by

## Inspectorate International Ltd.

NOTICE IS HEREBY GIVEN that a Meeting of the Bondholders convened by the Guarantor will be held at the offices of Swiss Bank Corporation, Swiss Bank House, 1 High Timber Street, London EC4V 3SB on 27th October, 1989 at 11.00 a.m. (London time) for the purpose of passing the Resolution set out below in respect of the merger of the Guarantor into Adia S.A. ("Adia") (a company incorporated under the laws of Switzerland), which Resolution is being proposed in accordance with the provisions of the Fiscal and Warrant Agency Agreement dated 3rd December, 1988 made between the Issuer, the Guarantor, Swiss Bank Corporation as Fiscal Agent (the "Fiscal Agent") and the Paying Agents named therein.

Bank Corporation as Fiscal Agent (the "Fiscal Agent") and the Paying Agents named merein.

RESOLUTION

"THAT this Meeting of the holders of the U.S. \$75,000,000 3½ per cent. Guaranteed Bonds due 1993 of Inspectorate International Finance N.V. (the "Bonds" and the "Issuer" respectively) guaranteed by Inspectorate International Ltd. (the "Guarantor") hereby:—

(1) approves the merger of the Guarantor into Adia S.A. on the terms set out in the Statement prepared by the Guarantor dated 27th September for the purposes of Condition 9 (iv) of the Bonds as set out on the reverse of the Bonds with the effect that Adia following completion of the merger becomes liable in the place of the Guarantor in respect of the Bonds; and

(2) in order to give effect thereto, forthwith authorises Swiss Bank Corporation (the "Fiscal Agent") to execute a First Supplemental Fiscal and Warrant Agency Agreement in the form of the draft produced to this Meeting and for the purposes of identification signed by the Chairman thereof with such amendments (if any) thereto as may be agreed between the Issuer, Guarantor and the Fiscal Agent.

Adia S.A. and Inspectorate International Ltd. are the parent companies of international service groups with Adia S.A. and Inspectorate International Ltd. are the parent companies of international service groups with significant complementary activities and objectives.

The Boards of both companies are confident that the merger will:

create a service group capable of competing with other major international service organisations increase profitability through the combination of their businesses, especially in the fields of temporary help, other human resources services, inspection and (testing), security services and the data

have significant management benefits, particularly through the combination of the management know-

strengthen the financial resources and potential of the enlarged group with a view to further expansion in its primary fields of activity

For these reasons, the Boards of the two companies have approved the merger and recommended passage of the above resolution by the Bondholders. Full details of the background to, and the reasons for, the proposed merger are contained in an Explanatory Statement prepared by the Guarantor dated 5th October, 1989, copies of which are available for collection by Bondholders at the specified offices of the Fiscal Agent and the Paying Agents (together the "Paying

The Guarantor has accordingly convened a Meeting of the Bondholders by the above Notice to request their approval by Resolution to the merger referred to above. The attention of Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Fiscal and Warrant Agency Agreement (including the Terms and Conditions of the Bonds) and the draft First Supplemental Fiscal and Warrant Agency Agreement referred to in the Resolution set out above (and of certain other relevant documents) will be available for inspection by Bondholders at the specified offices of the Paying Agents set out below.

**VOTING AND GUORUM** 

A Bondholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Bond(s), or a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bond(s), in respect of which he wishes to vote.

A Bondholder not wishing to attend and vote at the Meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his

instructions.

Bonds may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by CEDEL S.A. or Morgan Guaranty Trust Company of New York, Brussels Office, as Operator of the Euro-clear System or any other person approved by it, for the purpose of obtaining voting certificates or giving voting instructions until the time being 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such Meeting), but not thereafter. Bonds so deposited or held will be released at the conclusion of the Meeting), but not thereafter. Bonds so deposited or held will be released at the conclusion of the Meeting), but not thereafter. Bonds so deposited or held will be released at the conclusion of the Meeting), but not thereafter. Bonds so deposited or held will be released at the conclusion of the Meeting), but not thereafter. Bonds so deposited or held will be released at the conclusion of the Meeting), but not thereafter. Bonds so these time to which the Meeting (or, if applicable, any adjourned such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

2. The quorum required at the Meeting for the passing of the Resolution is two or more persons present holding outstanding Bonds or voting certificates or being proxies and holding or representing in the considered at an adjourned Meeting will be adjourned and the Resolution will be considered at an adjourned Meeting (notice of which adjourned Meeting will be given to the Bondholders). The quorum at such an adjourned Meeting will be two or more persons present holding outstanding Bonds or voting certificates or being proxies (whatever the principal amount of the Bonds so held or represented by them).

3. Every question submitted to the Meeting will be decided in the first instance by a show of hands and in the case of an equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if a

certificate or being a proxy.

At the Meeting unless (before or on the declaration of the result of the show of hands) a poli is demanded: by the chairman or by one or more persons holding one or more outstanding Bonds or voting certificates or being proxies and holding or representing not less than one-littleth part of the principal amount of the Bonds then outstanding, a declaration by the chairman that a resolution has been carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of such fact.

On a show of hands every person who is present and produces a Bond or voting certificate or is a proxy shall have one vote and on a poll every such person shall have one vote in respect of each U.S. \$5,000 principal amount of Bonds so produced or represented by the voting certificate so produced or in respect of which he is a proxy. Without prejudice to the obligations of the proxies named in any block voting instruction, any such person who is entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

The Resolutions passed at the meeting shall be binding upon all the holders of Bonds whether present or not at such meeting and upon all the Couponholders.

FISCAL AGENT Swiss Bank Corporation

Swiss Bank Corporation Swiss Bank House 1 High Timber Street London EC4V 3SB

PAYING AGENTS Swiss Bank Corporation (Canada) 207 Queen's Quay West Suite 780

Banque Internationale à Luxembourg S.A. 2 Boulevard Royal Luxembourg

This Notice is given by: Inspectorate International Ltd. Giessereiweg 5, 3000 Berne Switzerland

5th October, 1989

We are pleased to announce the appointment

FREDERICK ARNOLD

of

DIRECTOR, CORPORATE FINANCE, responsible for Principal Transactions.

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### INTERNATIONAL COMPANIES AND FINANCE

# Sammi forges an ambitious role in steel

Maggie Ford looks at the first bond launch by South Korea's speciality steelmakers

hen Sammi Steel of South Korea launches a bond with warrants in the Euromarkets later this month, it will have achieved its ambition of becoming the largest speciality

steelmaker in the world.
For Mr Kim Chul Hyun, the company chairman who directed the rationalisation of his family's business group, it will be the culmination of seven years of planning.
Instead of a diversified con-

glomerate like so many of South Korea's companies, prodncing everything from dresses to cars to microchips, Sammi is now a large international

player in a key specialised area of the global market. The company's prime posi-tion was established this year with the purchase for \$210m of three subsidiaries of the Canadian Rio Algom, in the first significant international acquisition by a South Korean com-

pany. Samui Steel produces three main products - stain-less steel sheets and coils, speciality steel bars and wire rods, and seamless pipes and tubes.

It is the world's largest

importer of hot rolled coil, the raw material for stainless steel products, with an annual requirement of 200,000 tonnes, all presently bought from Japan and Europe. Sammi plans to invest \$100m

in the Rio Algom plants to upgrade capacity, thus saving the \$500m cost of establishing a hot rolled coil plant in South Other benefits from the acquisition include the company's technology, an increase in market share for Sammi including tariff-free exports to the US under the free trade pact with Canada, and a 5 per cent saving in the cost of raw

materials.
Sammi Steel had net income

The company plans substantial expansion over the next few years with a tripling of

Annual average sales growth from 1985 to 1988 was 28.8 per cent. Exports accounted for 87 per cent of production last year, down from 44 per cent in 1985, reflecting the strong growth in domestic demand. Exports went primarily to the US, Europe and Asia, and the company plans to expand mar-kets in Eastern bloc countries. Couth Korea has a serious Shortage of speciality steel products for the motor, heavy machinery and construction industries and demand is expected to grow by 15 per cent annually over the

tion capacity at the end of 1988 was 385,000 tormes. The \$50m bond with war-

next decade. Sammi's produc-

\$679m. In 1987 sales were rants that Sammi is to launch \$506m and net income was to finance the Canadian expan-

sion of capacity will be a first for South Korea. Five convertible bonds have been launched in the Euromar-

kets over the past few years, but the South Korean stock market is not due to be opened to foreign investors until 1992. The bond is expected to have a coupon of 15 to 1.75 per cent. The warrants will be exercised as non voting shares in the

company after 18 months.

It is not clear when warrant holders will be able to convert into equity and trade the Seonl's Ministry of Finance

has recently suggested that an over-the-counter market may be set up to allow foreigners to trade in converted shares, but no official announcement has been made. The bond with warrant is being lead managed by Dongsuh Securities and Merrill

Most analysts expect the issue to be popular because Sammi is regarded as a strong company and one of the first in South Korea to rationalise its

business to be competitive internationally at top level.

Most large South Korean conglomerates are currently consolidating their position in the rapidly expanding domestic

market. Officials and business analysts believe that they will soon be forced to rethink their international strategy.

Observers point out that the approaching global market and the need for companies to make substantial investments in new high level technology may spur more acquisitions of suitable foreign companies in the future.

Sammi Steel may be the first of many as South Korea's con-giomerates move into the second stage of their country's economic development.

# MGM/UA acquisition 'will benefit Qintex'

By Chris Sherweil

MR CHRISTOPHER SKASE. chairman of Qintex Australia. yesterday moved to allay investor fears about the impact on the media and resorts company of his ambitious US\$1.9bn acquisition of MGM/UA Communications, the Hollywood

film production group. In a letter to the Australian Stock Exchange, he said the transaction would entail a "maximum incremental liability" of only US\$50m for Qintex Australia in the form of bank

Calling the transaction "a merger, not an acquisition," he said it would link Qintex Entertainment, his 42 per centowned US arm, and MGM/UA low of 40 cents before recover-communications to form MGM low of 50 cents. Yesterday the Inc, and would bring "consequential income benefits" to Qintex Australia.

About 10 big international companies - known to be US, Japanese and European groups with broadcasting and enter-tainment interests — would also be involved as equity par-

All equity and debt would be raised within MGM without recourse to Qintex Australia. Mr Skase's statement came after extraordinary volatility in Qintex Australia's stock on Tuesday, when the share price plunged 19 cents to an record ing to 50 cents. Yesterday the shares fell further to 47 cents. Its 1989 high was A\$1.70 (US\$1.30). In his letter, Mr Skase said

Qintex Australia's role in the MGM/UA acquisition had been that of co-ordinator of an investor group in which it would have a total financial participation in the range of US\$125m to US\$150m. It had arranged security for the US\$50m deposit already made in connection with the pur-

In broad support of his contentions, a review by Austra-lian Ratings, the credit rating

agency, has found that Qintex Australia's participation in the merger would leave its gearing (net debt as a percentage of shareholders' funds) largely unchanged at 80 per cent.

The majority of funding, according to the agency, will be sought through the issue of about US\$1.1bn of MGM commnn stock carrying differential voting rights, bank finance of some US\$300m, and around US\$200m of preferred stock which will re-finance existing preferred stock of US\$180m. The use of differential voting rights would ensure Qintex

Australia retained control of MGM for its US\$125m partici-

pation, the agency said. Although it would no longer receive Mr Kirk Kerkorian's promised equity, Qintex's investment "is expected to be cash positive through loan capitalisation, a revised option issue and fee income associated with the investment pack-

Late last month Mr Skase increased his US\$1bn offer, made in April, in order to repel Mr Rupert Murdoch's News Corporation, which stepped in with a higher offer at the last minute. His winning bid yal-ued MGM/UA's common stock at US\$1.3bn, but the company also carries US\$690m in debt.

### INTERNATIONAL APPOINTMENTS

### General Dynamics names former astronaut as future helmsman

GENERAL DYNAMICS, a leading US defence contractor, stated that Mr William Anders, currently senior executive vice sident of operations at Textron, is to join the company as vice chairman at the start of next year and take over the helm a year later. He will succeed Mr Stanley

Pace as chairman and chief executive at General Dynamics when the latter retires at the end of 1990 after compleating five years in the top posts. Mr Auders is a former astronaut. He was one of the three crew members aboard the 1968

Apollo 8 lunar mission, and also served as back-up pilot for the Apollo 11 voyage, when the first landing on the moon was accomplished From 1969 to 1973, he was executive secretary of the National Aeronautics and

Space Council in Washington. In 1977, Mr Anders joined General Electric, of the US, as vice president and general

products division. He went on to hold the same title at the company's aircraft equipment

In 1984, he moved to Textron

as executive vice president – aerospace, and progressed to his current position in 1986. \*\*\*
HYUNDAI Motor America, US
sales and marketing arm of

leading South Korean car maker Hyundai Motor, announ tomorrow, of Mr Greg Warner as executive vice president and chief operating officer.

The company cited "differences regarding business direction" as the reason for Mr Warner's departure. It has hired Lamalie & Associates, of Dallas, to find a replacement.

\*\*\* M/A-COM, the New Englandbased manufacturer of telecommunications systems and equipment, said that Mr John J. Lynch, president and chief operating officer, has been named acting chief executive

This follows the previously amounced September 21 death of chairman and chief executive Mr Thomas F. Burke in a motoring accident. SHEARSON LEHMAN Hutton,

the US investment bank, has appointed Mr. George Milling-Stanley to a newly treated post of first vice president in its ment in New York. Mr Milling-Stanley was

senior gold analyst at Consoli-dated Gold Fields, in London. He had been associated with Consolidated Gold since 1985. Prior to that, he served in a variety of posts with the Finan-cial Times in London, finishing as deputy mining editor.

THE UNITED Bank of Kuwait has appointed Mr Anton Simon senior manager, high yield

# Vice-chairman at Philip Morris plans to retire

PHILIP MORRIS, the US tobacco and food consiomerate, stated that vice chairman Mr John M. Richman plans to retire at the end of the year. He has also been serving as chairman and chief executive officer of the company's Kraft

General Foods subsidiary.

Mr Michael Miles, president and chief operating officer at Kraft General Foods, has assumed Mr Richman's post of the committee with the committee of chief executive with immediate Miles will be proposed for elec-tion as a vice chairman of the Philip Morris board, again suc-

ceeding Mr Richman. NWA, of the US, said that Mr Alfred Checchi has been named chairman and Mr Frederic Malek president of both NWA and its Northwest Air-

Mr Checchi, aged 41 and a former principal of Bass Brothers Enterprises, is the Los Angeles investor who led

the \$3.65bn buyout of NWA in July. He succeeds Mr Steven Rothmeier, who is resigning as chairman and chief executive. Mr Malek succeeds Mr John Horn, who is relinquishing his

posts of president and chief operating officer. The company declared that Mr Rothmeier and Mr Horn are both resigning for personal rea-sons, with the resignations effective from October 15.

TIP EUROPE, a UK-based leadappointed Mr Wouter de Voogd to the new post of operations director, Continental Europe.

The move is designed to support the company's continuing drive for growth throughout mainland Europe. Its Continental fleet has grown by 80 per cent in the past year.

Mr de Voogd has been with
TIP almost 10 years, having
joined as division credit manager for Northern Europe. He will be based in the company's

Amsterdam Service Centre.



### OSSORY ESTATES PLC

### Preliminary Statement of the **Unaudited Consolidated Results**

for the year ended 30th June 1989

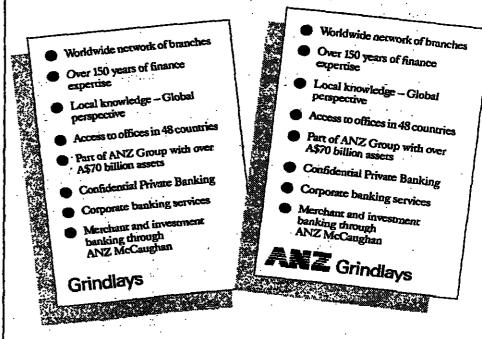
- Profit before tax for the year ended 30th June 1989 was £6,531,000 (1988: £3,769,000), an increase of 73%.
- Basic earnings per share were 2.19p (1988: 1.50p), an increase
- Turnover increased by 10% to £22.8 million (1988: £20.8 million). ■ Fully diluted net asset value per share increased from 21.01p to 27 1/p. If the increase in the value of properties held for development and resale is added, the fully diluted net asset value per
- share would amount to 35.10p. The Board recommends a final dividend of 0.45p per share making a total dividend for the year of 0.75p per share.
- "Group rental is currently in excess of £6 million per annum. The development side of the business is proceeding very satisfactorily. The Group currently has unutilized bank facilities totalling in excess of £60 million."

John Walker, Chairman.

	<i>1989</i> .	1988
	£000·	£000
imover	22,830	20.851
rofit before tax	6,531	3,769
rofit attributable to shareholders	4,899	2,877
let dividend per share	0.75p	0.5p
armines per share (basic)	2.19p	1.50p

The Secretary, Ossory Estates P.C., Heathcoat House, 29 Savile Row, London W1X 1AE.

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In addition to London the change of name will apply to branches in Bahamas, Bahrain, Bangladesh, Greece, India, Jordan, Oman, Pakistan, Queat, Sri Lanks, Switzerland, Thiwan, United Arab Emirates, Zimbabwe and representative offices in Bezzil. People's Republic of Chins, Hong Kong, Indonesia, Inan, Malaysin, Spain, and other subsidiaries.

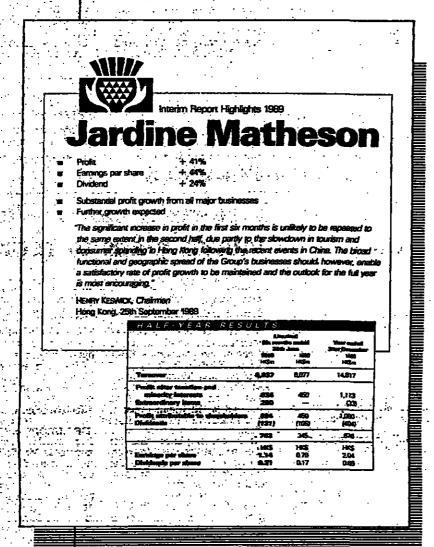
If you would like to know more about the services ANZ Grindleys offers, please ask David Dawson, Network Marketing Department, ANZ Grindleys Bank plc, Minerva House, PO Box 7, Montague Close, London SE1 9DH. Edephone: 01-378 2232.

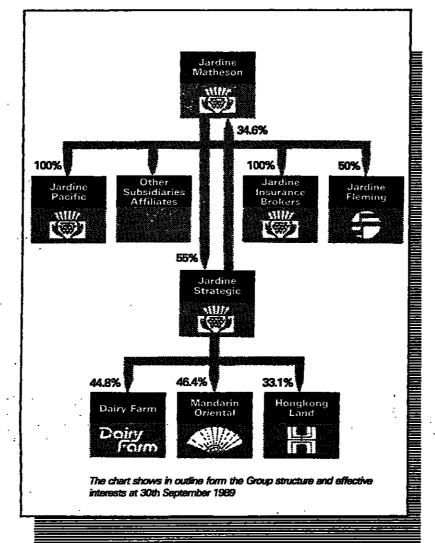


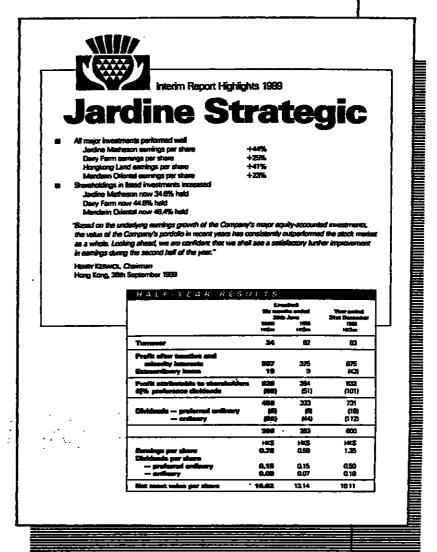
# Jardine Matheson

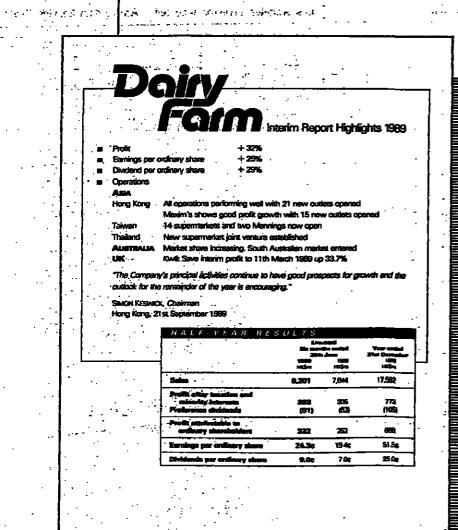
"Outstanding interim results throughout the Group."

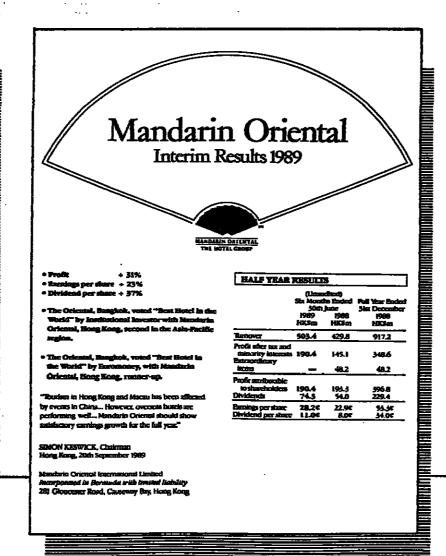
Henry Keswick, Chairman

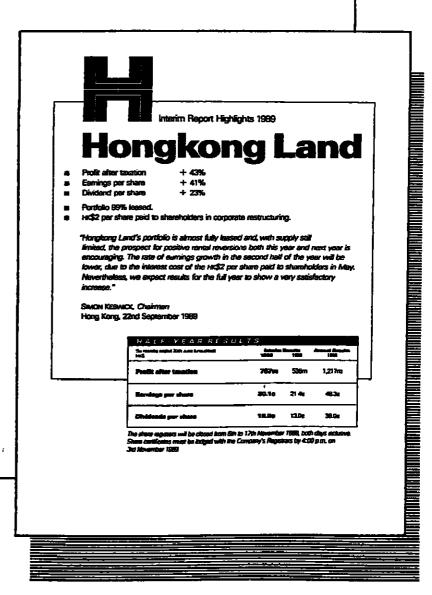












Exchange rate: HK\$7.80 = U\$\$1.00

**Jardine Matheson Holdings Limited** Incorporated in Bermuda with limited liability

Copies of these Interim Reports are available from the Company Secretary, Jardine Matheson, Jardine House, Hong Kong

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**FINANCIAL TIMES** 

Executives today face

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ating change, pervading all aspects of business life,

As the pace of change

quickens, old perceptions

### INTERNATIONAL COMPANIES AND FINANCE

# Warburg takes top spot in UK takeovers league

By Clay Harris in London

S. G. WARBURG has immed to the top of the league tables for merchant banks advising on takeover bids for publicly quoted UK companies in the first nine months of 1989, according to the monthly mag-azine Financial Times Mergers and Acquisitions.

Warburg, like the six banks immediately following it in the rankings — which credit the full value of a bid to each adviser named on an offer or defence document - gained its lofty position through its role defending BAT industries against Hoylake's record £13.5bn (\$21.5bn) takeover bid.

If the bid had not lapsed last week, just before the end of the nine-month period, J. Henry Schroder Wagg and Kleinwort Benson would have ranked first and second in the table, instead of eighth and ninth respectively. The table only covers bids that have been

resolved one way or another. In a second league table, covering completed bids for all UK companies and British bids abroad, but dividing the value of a bid equally between joint advisers, Warburg still comes first, advising in 58 bids with a total value of just under

Schroders and Kleinwort rank second and third, advising on hids worth a total of £12.7bn and £11.5bn respec-

The second league table also credits advisers not named on offer documents and for work done on the acquisition of minority stakes or the transfer

of property assets. The BAT bid was also responsible for introducing four US investment banks into the top 10, with Bankers Trust and Drexel Burnham Lambert working with Hambros on HoyTOP TEN ADVISERS bids for UK publicly-quote

mber	Value of bids (tbn)	Adviser (1988 position in brackets)
24	22.07	1. SG Warburg (3)
13	18.37	2. Lazard Bros (9)
3	18.25	
12	14.68	
- 10	14.60	
2	13.59	
1	13.50	
22	11.55	
13	8.13	
19	7.474	10. Morgan Granfell (2)
	18.25 14.68 14.60 13.59 13.50 11.55 6.13	3. Goldman Sachs (-) 4. Hambros (16) 5. Bankers Trust (-) 6. Shearson Lehman (10) 7. Dress Burnham (-)* 8. Schroder Wagg (1) 9. Kleinwort Benson (5)

Adviser (1968 position in brackets)	Value of hids (Ebn)	Number
1. SG Warburg (1)	15.99	58
2. Schroder Wagg (3)	12.70	54
3. Kleinwort Benson (4)	11,50	43
4. Lazard Bros (6)	9.33	55
5. Goldman Sachs (8)	9.057	8
6. Shearson Lehman (11)	7. <b>23</b>	22
7. Morgan Grentell (2)	7.14	61
8. Bankers Trust (-)	6.87	- 18
9. Hambros (17)	5.86	37
10. NM Rothschild (10)	5.37	32
<del></del>	Soomer FT Mercer	s & Acquisitions

lake's side and Goldman Sachs and Shearson Lehman joining Warburg and Lazard Brothers

Goldman Sachs led in the cross-border deals and offers in which a foreign bank acted as

ings that divide the value of bids between joint advisers, Goldman Sachs advised on 18 deals worth a total of £14.4hm. It was followed by Warburg, advising on 19 transaction worth £11.7bn and Wasserstein Perella, which advised on six worth nearly £10.6bn.

# Newly merged Barco posts BFr786m

terday announced pre-tax oper-

BARCO GROUP, the small but fast growing Flemish electron-ics company which is the prod-uct of a merger completed at the beginning of this year, yes-

half operating earnings amounted to BF7507m, against last year's 12 month figure of BF7583m. ating profits for the first six months of 1989 of BFr786m (\$20m), writes Tim Dickson in

1 - 151

# Oslo seeks to set up international shipping bourse

By Karen Fossii in Oslo

THE OSLO bourse, seeking to capitalise on Norway's long established maritime expertise, plans to make itself more attractive to international ship-

ping companies.
Officials believe that a listing on an international ship-ping market based in Oslo would offer companies more competitive pricing, allowing share prices to be quoted closes

to net asset value.

The initial plan is for about five companies to be listed annually. "From next year I believe there will be international chimping companies." tional shipping companies listed here, and if after five years the plan proves viable, then there could be the basis for a larger scheme," said an

The idea of an international shipping bourse was first floated by the Norwegian Shi-

powner's Association. Bourse officials believe that because of Norway's maritime environment and the wide range of shipping services on offer, they can create a ship-ping market more cheanly and more efficiently than other

of shipping companies which would seek a listing, officials

One group comprises ship-ping companies not listed else-where while the other would be companies listed on other stock markets under the aegis of the International Stock

Exchange Federation.

Bourse officials agree that there could be problems with listing the former since any group is likely to comprise companies registered in unre-gulated countries like Liberia and Panama.

"It would be a matter of providing a regulatory framework for which these companies would have to comply in order, among other things, to provide investor protection . . and existing Norwegian law would be the basis for such a frame-work," an analyst said.

He outlined other problems among them the creation of a standard for financial disclo-sure and companies listed would have to meet liquidity and ownership requirements under Norwegian law.

### Storebrand out of red-with NKr671m at eight months

STOREBRAND, one of Norway's top three insurance companies, bounced back into the black in the first eight months of 1989 with profits, excluding life insurance and before extraordinary items, of NKr671m (\$97m) versus los of NKr69m in the same period last year. Storebrand has also recom-

mended that its board approve expansion of the foreign ownership quota to 25 per cent, from 20 per cent, and has called for a direct placement of 2.6m shares, although a sub-

scription price has to be fixed.
The company said consolidated insurance activity, both

domestic and foreign, experienced profits in the period of NKr764m versus NKr264m last year. Storebrand Finans, the finance division, reduced operPari:

ating losses to NKr52m from NKr30sm last year. The winding up of finance activities is proceeding according to plan in Norway and out-side the country. Assets have been reduced to NKr6.3bn from NKr9.7bn at the start of the year and a further reduction is expected. Storebrand Livfosikring, the

life insurance division, improved income to NKrl.135bn from NKr572m in the same period last year.

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and traditional approaches lose validity. executives from 90 countries next year. New views are required. Key to IMD's management develop-What is needed, in a word, is vision. ment concept is a broad perspective that Vision reads reality radically differently. It draws on the diverse cultural and industrial suggests sighting the goal before starting out backgrounds of executives to confront the to reach it. Vision requires a willingness and business issues of today and tomorrow. In ability to ask the right questions - rather career development, IMD is a refreshing than having the right answers.

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Ask for our brochure by calling or writing to Marie-Dominique Calcio, room 201, International Institute for Management Development IMD, 23, chemin de Bellerive, 1001 Lausanne, Tel.: ++ 41 21 267 112 or 277 121 (From Nov. 9, 1989: 618 01 11). Fax: ++ 41 21 266 725 (From Nov. 9, 1989: 617 71 54). Tix: 455 871.

### EUROPEAN ECONOMIC COMMUNITY GBP 50.000.000

11 3/8 % Notes due 1990

We inform the bondholders that the redemption instalment of GBP 25.000.000,nominal due on November 15, 1989 has been satisfied by purchase on the market of GBP 4.341.000 nominal bonds and by the drawing for redemption of GBP 20.659.000 nomination September 20, 1989

coupon or 6 due on November 15, 1990 and following attached, according to the mod

	•			• •
	154 - 175	2873 - 2888	5407 <b>-</b> 5493 _	7509 -
	177 - 179	2896 - 2899	5'496 5'502	
	190 - 221	2902 - 2912		7557 - 7562
	226 - 321	2914 - 2920	5'578 - 5'589	7802 - 7809
	326 - 327	2923 - 2944	5'593 - 5'617	7813 - 7853
	333 - 544	2946 - 2948	5'625 - 5'662 5'664 - 5'672	7860 - 7892
	552 - 577	2950 - 2981	5664 - 5672	7894 - 7904
	579 - 632	2984 - 2990	5'689 - 5'699	7911 - 7914
	635 - 881	2993 - 3001	5701 - 5722	7923 - 7928
	897 - 936	3'005 - 3'041	5727 - 5769	7949 - 7985
	939 - 1'008	3'062 - 3'068	5772 - 5787	7971 - 7976
-	1010 - 1042	3'075 - 3'081	5793 - 5930	7980 - 7986
	1'044 - 1'088	3'085 - 3'182		7991 - 8015
	1'090 - 1'126	3190 - 3192	5954	8'024 - 8'027
		3194 - 3195	5965 - 5969	8'029 - 8'030
	1438 - 1461	3198 - 3254	5972 - 6057	8'033 - 8'067
	1168 - 1195	3257 -	6'063 - 6'155	8069 -
	1'198 -	3'260 - 3'264	6158 - 6209	8'072 - 8'089
	1'202 - 1'356		6213 - 6218	8092 - 8094
	1'361 - 1'373	3'337 - 3'361	6224 -	
		3'370 - 3'384	— ·	8119 - 8135
	1'376 - 1'556	3'390 - 3'486	6°226 - 6°227 6°229 - 6°234	8'140 - 8'148
-	1'558 - 1'586			8150 - 8189
			6'238 - 6'239	8'205 - 8'229
	1'591 - 1'593			8237 - 8244
	1'601 - 1'620	3'624 - 3'723 3'725 - 3'727		8'285 - 8'311
	1'623 - 1'625		02/1 02/2	8'466 - 8'468.
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	1'644 - 1'653	3741 - 3742	6'278 - 6'297 6'304 - 6'324	8508 - 8512
		3753 - 3795	6304 - 6324	8515 - 8528
	1682 - 1707	3799 - 3'808	6'330 - 6'334	8533 - 8541
:	1710 - 1741		6'343 - 6'363	8545 - 8546
	1747 - 1769	3'860 -	5365 - 5366	8552 - 8566
		3'872 - 3'877	6'368 - 6'380	8570 - 8598
	1'817 - 1'990	3'883 - 3'886	6'383 - 6'385	8'602 - 8'608
	1'996 - 2'039	3'889 - 3'892	6387 - 6390	8'615 - 8'644
	2'041 - 2'205	3'895 - 4'006	6'392 - 6'404	8'651 - 8'662
	2'207 - 2'237	4'018 - 4'026	6'423 - 6'467	8'664 - 8'722
	2'240 - 2'287	4'043 - 4'075	6'498 - 6'509	8725 - 8726
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			6'596 - 6'614	8771 - 8818
	2329 - 2359	4313 - 4340	6618 - 6713	8827 - 8843
	2364 - 2366	4'342 - 4'426	6718 - 6752	8'846 - 8'862
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Amount outstanding after November 15, 89 : GPB 25.000.000

The Principal Paying Agent SOCIETE GENERALE ALSACIENNE DE BANQUE 15, avenue Emile Reuter LUXEMBOURG

### INTERNATIONAL CAPITAL MARKETS

# Warm reception for clutch NZ traders of Swiss franc issues

SWITZERLAND was the most active among international bond markets yesterday as new public issue business dried up completely in other

Syndicate officials were bemoaning the lack of arbi-trage opportunities which was hindering issuance to what they described as deep demand

However, in Switzerland the market showed signs of returning health as three deals were

launched to good receptions.
Union Bank of Switzerland
was the lead manager of a
SFr100m convertible issue for
Datichi Corporation, the Japaness real estate company formerly known as Jutaku Ryutsu. The five-year bends carried an indicated coupon of % per cent and a yield to put

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Demand was firm, with investors putting money behind their bullish view of the Japanese equity market. UBS was quoting the paper at 103% bid, a fine premium to the par

Nomura (Switzerland)

issue price.

INTERNATIONAL BONDS

brought a SF130m convertible for Fujikura Rubber at almost identical terms, but the smaller size of the deal inspired even higher prices, with Nomura quoting the paper at 105% bid. In late trading, the price reached as high as 106 bid, way above the par launch. Yamaichi also found strong

demand for its SFr60m convertible for Taikisha, the engineering company. The bonds traded

Elsewhere, syndicate managers were busy speculating on which of them would win the mandate for a \$1bn jumbo deal for Italy. There was talk that banks were finding it difficult to package a deal meeting the

borrower's requirements.

• A DM15m 10-year private placement for Throler Sparkasse, held up in late September after objections from the Bundesbank because the origi-nal lead manager was not based in Germany, has been launched by Banken Union the merchant bank based in Frankfurt. Banken Union is owned equally by three savings banks, one of which is Tiroler Sparkasse.

### **NEW INTERNATIONAL BOND ISSUES**

Borrower YEM	Amount m.	Coupon %	Price	Materity	Fees	Book runner
Credit Lyonnals(a)	10bn	(a) .	1024	2004	24/12	Credit Lyonnais
SWISS FRANCS Delichi Corp.(c)**\$ Talklaha Ltd.(d)*r*\$ Fujikura Rubber(e)***\$	100 60 30	(14) (14) (12)	100 100 100	1994 1995 1994	11 <sub>2</sub> 15 <sub>3</sub> 11 <sub>2</sub>	UBS Yamaichi Bank (Switz) Nomura Bank (Switz)
US DOLLARS Kos Fire & Marine Ins.(b)++	250	312	. 100	1993	24/12	Nomura Int.
Address placement Science	Albin Albinal to	al C	- 79/ in e	side for 1	O	han 184 mar Van I lhan Call

### 3i's Paris unit doubles investment funds

THE PARIS offshoot of 31, the provider of risk capital owned by the UK clearing banks, yes-terday amounced that it had doubled its funds for investment in France to Fribn (\$156.8m), writes William Daw-

The move makes the Paris

office of 3i among the top four or five risk investment groups in France. It comes because 3i's French subsidiary has run through its initial Fr510m, invested in 67 companies. Mr Michel Biegala, managing director of 3i France, said a prime area for future invest-

agement buy-ins, where a team of outside managers takes over a target company. He said there were large numbers of medium-sized family companies facing succession prob-lems, which would be ripe for buy-ins.

### FT INTERNATIONAL BOND SERVICE

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# take DFC failure in their stride

By Terry Hall in Wellington and Anatole Kaletsky in New York

NEW ZEALAND financial markets yesterday made light of Tuesday's failure of DFC New Zealand, the former government agency turned merchant bank in which Salomon Brothers, the US investment bank, has a 20 per cent shareholding.

The share market stayed buoyant with price rises out-numbering falls by a ratio of 3 to 1, and the money market was little changed. The NZ dol-lar eased slightly, however, as dealers showed concern at the wider impact of New Zealand's biggest corporate collapse. In part, this muted reaction

reflects the fact that the collapse of DFC was entirely unexpected following the gradual downgrading of the bank's credit rating. Yet further evidence of offi-

cial concern emerged yesterday when Mr Don Brash, the governor of the central bank, told a parliamentary select committee that the bank had been closely scrutinising the DFC since last November. DFC's major shareholder

with 80 per cent is National Provident Fund, a local mutual group. Both it and Salomon have declined put fresh

capital into DFC. Salomon in New York said that discussions with the New Zealand Government were being handled by National Provident, as the majority shareholder. They indicate that Salomon was likely to fol-low National Provident's lead in any resolution plan for

DFC. Salomon officials noted that Mr Paul Collins, National Provident's chairman, had been reported as saying that DFC would have needed a capi-tal injection of "hundreds of millions of dollars" to remain solvent and that National Provident was not prepared to provide this.

As the minority shareholder, Salomon was unlikely to come forward with large amounts of capital either, officials said. The statutory managers appointed to try to restructure DFC, would make no comment yesterday. Work continued on several DFC-funded building

The managers are expected to concentrate on the bank's heavy overseas borrowings. It is understood they are having to deal with often hostile reac-tion from international lendhave been frozen.

Mr David Caygill, the New
Zealand minister of finance,

said that the DFC collapse would have little effect on the economy overall. "It is probably too early to

say whether significant sums of money will be lost," he said.
"In effect, the DFC was insolvent. It had run out of money. But that is not the same as saying that people might lose

"It could be that in time most of the liabilities can be matched against DFC's assets," Mr Caygill said.

### Toronto lawyers in merger

FASKEN MARTINEAU Walker is merging its Toronto arm with Campbell, Godfrey & Lewtas, of Toronto, to form Canada's largest legal firm with 352 lawyers, Robert Gib-bens writes from Toronto.

The merger is the latest in a series of consolidations among law firms and other profes-sional groups, driven by the demand for full service, greater speed and expertise. The hight cost of computerisa-

tion is a factor. The new firm will have offices in London and Brussels and links with the Pacific Rim.

### WEEKEND FT Advertisement Rates

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coupon,

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Clig. day = Change on day. One date = First date of conversion into
shares. Cmr. price = Nominal amount of bond per share expressed
recurrency of share at conversion rate fixed at Issue. Prem = Percentage premium of the currenteffective price of acquiring shares via the
Jond ower the most recent price of the shares.

FINANCIAL TIMES

All of these securities having been sold, this advertisement appears as a matter of record only.

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William K. Woodruff & Company

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Bear, Stearns & Co. Inc. Goldman, Sachs & Co. Lazard Frères & Co.

Donaldson, Lufkin & Jenrette Hambrecht & Quist **Montgomery Securities** 

**Drexel Burnham Lambert** Kidder, Peabody & Co. PaineWebber Incorporated

Prudential-Bache Capital Funding Salomon Brothers Inc Smith Barney, Harris Upham & Co. Dean Witter Reynolds Inc.

Ladenburg, Thalmann & Co. Inc. Piper, Jaffray & Hopwood

William Blair & Company Eppler, Guerin & Turner, Inc. Howard, Weil, Labouisse, Friedrichs

First Analysis Securities Corporation Lovett Mitchell Webb & Garrison, Inc.

Needham & Company, Inc. Southwest Securities, Inc. Rotan Mosle Inc.

Rauscher Pierce Refsnes, Inc. Stephens Inc.

Volpe, Covington & Welty

September 29, 1989

Underwood, Neuhaus & Co.

### INTERNATIONAL CAPITAL MARKETS

# Europe braced for German rate hike

By Rachel Johnson in London and Janet Bush in New York

EUROPE'S government bond German credit policy. markets were yesterday bracing themselves for a rise of at least half a percentage point in West German interest rates at the Bundesbank policy-setting

council meeting today.

It seems that whatever the bank does, the markets will remain nervous: in the unlikely event of credit policy being left unchanged, markets

### **GOVERNMENT** BONDS

will have to readjust. With a half a point rise, they will start waiting for the next increase, and with a full point rise, bond prices suffer an immediate drop, at least initially. German government bond

prices were fixed slightly higher, but prices were under-cut by the failure of the Bundesbank to roll over the full amount of repurchase agreements maturing yesterday, thereby draining of DM8.8bn from the money markets. This left prices either unchanged or at most 5-10 pfennigs higher. The domestic bond market has fully discounted a rise of at

least half a point in interest rates, but the coupon on a DM4bn 10-year Federal bond to be launched on Monday was anybody's guess. Some European countries

are presumed to follow suit if the German central bank raises rates - notably France and the Netherlands. The French Government's commitment to keep the franc stable against the D-Mark seems likely to tie it to any change in

THE US Federal Reserve has

asked for public comment on

rule changes which would

allow certain "world class" for-

eign debt and equity securities

The Fed's proposed amend-

ments to its Regulation T, on

which it wants comment by

November 30, follow a propos-

alSecurities Industry Associa-tion proposal which believes

the changes would make it easier for US institutions to

to be traded on margin in the

same way as US securities.

By Janet Bush

conference looms, it becomes increasingly likely that the UK authorities will intervene on Apprehension ahead of the meeting kept the French marthe foreign exchanges to supket volatile, especially at the port sterling, rather than raise shorter end, while domestic rates, especially in the wake of investors stayed away. The December contract on the

on interest rates and foreign

exchanges, means that the cen-tral bank is expected to do

whatever the Bundesbank

does. "But if rates remain

unchanged, the outlook will be

bullish on both ends of the yield curve," a trader said.

market is discounting a rise in German rates today, but is not

expecting the Chancellor to

bow to market forces and raise domestic rates in response.

AUSTRALIA

being bought).

Fed canvasses markets

on margin trading rules

As the Conservative narty

The UK government bond

August's trade figures. Matif futures market in Paris However, there is a contrary view that the Chancellor may traded down over the day, wish to increase UK interest opening at 107.04 but closing at rates when he has an opportunity to blame it on the Ger-The Dutch guilder's traditional ties to the D-Mark, both mans.

In relatively quiet trading, bond prices slipped around a half point across the board, with the benchmark 2003/07 bond falling by & to close at

1113.
The only European markets likely to operate independently of the German moves are those, like Italy or Spain, whose currencies are strong on the foreign exchanges.

■ US Treasuries yesterday morning pulled back modestly

BENCI	HMAR	K G	JVER	MER	11 15	UND	3
	Coupon	Red Date	Price	Change	Yleid	Week ago	Month ago
UK GILTS	13.500 9.750 9.000	9/92 1/96 10/08	104-07 94-16 94-13	-7/32 -18/32 -13/32	11.77 10.76 9.65	11.79 10.63 9.62	10.99 10.28 9.32
US TREASURY *	8.000 8.125	8/99 8/19	98-16 99-18	-2/32 + 1/32	8.22 8.16	8.29 8.25	8.18 8.14
JAPAN No 111 No 2	4.600 5.700	6/98 3/07	95.9709 105.3479	-0.056 -0.096	5.28 5.12	5.17 5.05	5.15 5.06
GERMANY	6.750	6/99	98.2000	-0.060	7.01	7.01	6.85
FRANCE BTAN OAT	8.000 8.125	7/94 5/99	95.6274 95.4600	-0.180 -0.240	9.15 8.83	9.04 8.72	8.65 8.39
CANADA *	9.500	10/98	98.6500	+0.150	9.73	9.80	9.50
NETHERLANDS	7.250	7/99	99.0400	+0.110	7.39	7.33	7.19

12.000 7/99 91.1846 -0.099 13.65 13.44 12.93

from their gains so far this week, partly undermined by a softening in the dollar. Fluctuations were limited and trading

At midsession, short-dated maturities stood around % point lower.

The Treasury's benchmark long bond was & point down for a yield of 8.16 per cent. But this was still well above price levels at the beginning of the

The dollar dipped back to Y141.00 and DM1.9775 at the New York midsession yesterday, some way off its highs on

There was some consternation in the bond market early yesterday when the Fed Funds rate spiked up to a high of 9% per cent. However, the Funds rate had eased back to 8% per cent by midsession.

There was little overall direction in the market yesterday morning with no major economic indicators due for release until September's employment data tomorrow IIS financial markets are also anxiously awaiting the outcome of today's policy-making Bundesbank council meeting to see whether the widely-expected rise in the Lombard rate is announced and how large

that rate hike will be. The only economic news expected yesterday was the announcement of car sales by major manufacturers in late September.

Strong auto sales have given a significant boost to overall retail sales in recent months but analysts generally expect

### US West acquires credit guarantor for \$345m

Corpor Industry
Finance
Oils ...
Planta
Mines
Others

By Andrew Freeman

invest in overseas securities. Certain debt and equity securi-FINANCIAL Security Assurance (FSA), a US com-pany providing credit guaranties would be allowed to trade on margin (an upfront paytees on corporate debt issues, ment which is only a propor-tion of the total of securities has agreed to a \$345m takeover by US West, the telecoms group which is diversifying into financial services. The Foreign world class securiissue is subject to the approval of FSA shareholders and state ties denominated in a foreign currency could be used as mar-

insurance regulators.
FSA carries a triple-A credit gin for debt. There would be recognition of differences rating, and since its launch in 1985 has pioneered the use of between clearance and settlement procedures in the foreign country, so easing restrictions. | its credit status to provide

enhancements for asset-backed securities issued in the US and international capital markets. It has provided guarantees on some \$11bn of issues, and since August 1988 has been active in the Euromarket.

The company assesses the collateral behind asset-backed deals and offers investors a full guarantee against default, event risk and fraud. The guarantee allows borrowers to achieve a cheaper cost of fund-

### Traders up in arms over sterling bond issues

**By Andrew Freeman** 

A FULL Stock Exchange inquiry is underway after at least two UK market-makers complained about dealings on Tuesday in long-dated Euros-terling bond issues ahead of yesterday's buy-in of Redland's £100m 104 per cent issue due 2014.

It is thought that details of the likely terms of the buy-in were discussed with a number of investing institutions before the operation was launched for the company by the broker Cazenove. However, it is not clear who approached the institutions. A Cazenove official refused to comment on the

Such soundings, which involve price sensitive infor-mation, are normal before new tender issues, but were described by one trader as extremely unusual in the case of a reverse tender.

At least one institution, possibly a UK pension fund, acted on the information, contacted several market-makers and bought substantial amounts of Redland and other similar

bonds on Tuesday.

When the buy-in was announced vesterday morning, the price of the Redland issue jumped 2½ points to the offer level of 93 per cent, while spreads of other long-dated Eurosterling issues narrowed sharply as traders anticipated switching activity by investors looking to match Habilities. The Stock Exchange refused

to confirm that it was conducting an inquiry, but leading market-makers said com-plaints had been registered with the Exchange and that an inquiry would inevitably fol-low. It is understood there were complaints about dealings in Redland stock and that of other bonds for Tesco and

Hammerson. The buy-in, which Redland said was to allow it to re-financeits international borrowings more cheaply, was successfully conducted. By the close of the offer, £90.36m of the deal had been bought at a spread of 170 basis points over the 9 per cent Treasury stock. On Tuesday, the bonds closed at a spread of 201 basis points over the gift

# |Futures brokers watchdog fights for survival

he annual council elections of a small self-regulatory organisation (SRO) are not generally calculated to engender much pas-sion among the membership at large. But the relatively noisy election campaign that has been run over today's vote for three seals on the council of the Association of Futures Brokers & Dealers speaks of considerable controversy over the

future of the organisation.

The AFBD, which has emerged from a largely successful drive to rid the commodities business of most of its mountes oursiless of most of its more dublous operators, now finds itself ready to review its position, and eager to take on broader powers. But, as the smallest SRO, it is severely constrained by high and growing costs, which raise fundamental questions as to the viability of its independence in the future. the future.

At the same time, the overall regulatory structure pertaining to intures — as well as other markets — is beset with both overlaps and underlaps of competence, some of which also directly concern the AFBD at

For a start, as with other SROs, the AFBD's relationship with the Securities & Invest-ments Board continues to be a major bone of contention. The potential damage to London firms of the escalating costs of regulation is urgently apparent to the association, and a large slice of overall revenues are absorbed by SIB.

In the context of this drain of its funds, the AFBD has been considerably dissatisfied with some of SIB's efforts to represent the interests of its own membership.

It has fallen for instance to AFBD officials to deal with the uproar that followed SIB's concessions to US regulators earlier this year in connection

exemption governing British firms' dealings with US clients. Again, the current structure, impenetrable as it may seem, leaves surprisingly large gaps

The AFBD's relationship with the SIB is still highly contentious, writes Katharine Campbell

in regulatory competence. The SIB, which has responsibilities for monitoring the compliance procedures of the various London exchanges, has for instance failed to find ways in which surveillance systems on the commodity markets can be brought closer in line with sys-tem in place at Liffe – a point which worries some senior AFBD officials. In this context, the association is welcoming SIB efforts to delegate a greater portion of its functions.

The head regulator recently indicated to the AFBD that it hopes to contain the costs of its futures related activities sufficiently to enable the annual contribution — last year reaching £1.5m — to stay roughly at current levels.

his is partly because the enforcement responsibil-ities the head regulator assumed for interim authorised firms are now much reduced since most firms have been

Some AFBD officials are also keen that the functions of direct authorisation be substantially delegated to the rele-vant SRO. Only one commodities firm has sought direct authorisation from SIB. All the same, the central question is whether the AFBD

incur.

The absorption of the AFBD can continue to survive on its

with the so-called part 30 be more apporprately absorbed exemption governing British as a division of the Securities

Association. The question is an old one, and originally hard fought by commodities firms when the Financial Services Act was crafted, who fiercely resisted being absorbed into the web of securities regulation. The TSA also did not fall over itself to accumulate powers over what was then the infamous commodities business.

But now the industry has been substantially cleaned up, the arguments have somewhat changed.

The AFBD cannot survive without the revenues from financial futures firms, yet the vast proportion of the associa-tion's financial and manpower resources are spent on com-modity-related issues. The council is substantially dominated by representatives of commodity firms, and could become more so.

oreover, many of the issues before the AFBD tend to highlight the very divergent interests of the two different groups. For instance, many commodity firm representatives are keen to rewrite the rule book in accordance with SIB's new proposals, effectively revisiting a lot of the issues that arose when the association started, and attempted to accomodate the needs of the commodities markets into a futures-style framework. At the same time, financial derivatives firms, familiar with the current rule book, rile at the extra costs a rerwite would

as a division of the TSA would undonbtedly be highly precart-ous for the SIB to engineer. But it is a solution that is curown, or whether it might not by the authorities.

### Merrill Lynch in India Fund offering

By Stephen Fidler, Euromarkets Correspondent

MERRILL LYNCH is offering a further 19.2m shares in the India Fund, a London-listed unit trust established to enable international investors to

invest in Indian equities. Some 18.75m shares are being offered to existing share-

holders on the basis of one prospective market makers. share for every four held, at a price of 214p per share. The offer is being underwritten by six firms, led by Merrill Lynch International. An option for over 450,000 shares has been granted for Merrill Lynch and

The increase will take outstanding shares in the fund to more than 94m shares, making it the largest sterling-denominated country fund and one of the three leavest such funds in the three largest such funds in the world.

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### **LONDON MARKET STATISTICS**

### FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times. the institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	١	Nedne:	sday O	tober	4 198	9	Tue Oct 3	Mon Oct 2	Fri Sep 29	Year ago Cappro
	& SUB-SECTIONS			Est_	Gross	Est.	$\overline{}$	<del>-</del> -	<del>-</del> -	_	<del>                                     </del>
Fic	tures in parentheses show number of	Index	Day's	Earnings Yield%	Div. Yieki%	P/E Ratio	xd adj.   1989	Index	index	index	ledex
• ·•	stocks per section	No.	Change %	(Max.)	(Act at (25%)	(Net)	to date	No.	No.	No.	No.
1	CAPITAL GOODS (208)	963.01	-0.6	11.46	4.36	19.68	26.63	966.37	957.59	963.87	800.3
2	Building Materials (29) Contracting, Construction (37)	1157.22	-1.0	13.23	4,77	9.44	34.89	1168.70		1167.78	
3	Contracting, Construction (37)	1574.96		15.42	4.83	8.46	48.87				
4	Electricals (10)	2801.36	-9.5	9.50	4.32	13.25	68.01		2798.32		
	Electronics (30)		-1.0	9.19	3,48	14.05	49.17	2133.31		2125.72	1
6	Mechanical Engineering (54)	210.22	-0.6	19.81	4.36	11.26	14.16			523.38 583.48	
3	Motors (19)	274.21	-0.8 +0.3	29.69 9.77	6.83 4.21	5.33 11.99	15.15 9.97	500.76 375.86	371.07	372.45	
	Other industrial Materials (23)	7742 79	-0.2	9.38	4.25	12.58	51.87				
21	CONSUMER GROUP (184)	1324.05	-8.2	8.25	3.31	15.21	25.94				
	Brewers and Distillers (23)		-8.2	8.61	3.27	14.54	25.76			1464.76	
25	Food Manufacturing (20) Food Retailing (14)	7171 88	+0.1	8.73	3.65	14.46			1154.68		962
26	Food Retailing (14)	2492.53	-1.0	8.17	2.81	16.19		2516.50			,
27I	Health and Household (14)	2534 21	+0.2	6.19	1.87	19.32	37.88				
29	Leisure (34)	1731.30	-0.8	7.60	3.32	16.23	35.69		1722.78		
311	Packaging & Paner (15)	591.57		10.54	4,40	11.79	16.17	591.43	589.45	595.99	
321	Publishing & Printing (18)	13722.89	+0.2	8.56	4.57	15.82		3714.79	3690.30	3742.44	
34	Stores (32)	838.99	-0.1	10.27	4.43	12.72	18.56	839.67	838.88	842.49	766.
35	Textiles (14)	568.02	-0.4	9.99	5.18	12.09	15.67	570.12	566.26	568.95	585.
40	OTHER GROUPS (93)	1183.65	-0.2	9.94	4.10	12.19	26.50	1186.16		1181_13	
41	Agencies (17)	1569.39	+9.8	6.72	2.30	18.36	24.40		1543.57	1553.51	
42	Chemicals (22) Conglomerates (13)	1275.51	-6.8	11.74	4,91	10.03	42.50		1289,31		
43	Conglomerates (13)	1661.01	-8.5	18.31	4.91	11.41	29.89	1669.64	1647.30	1658.19	
45	Transport (13)	2307.78	-1.1	9.67	4.95	13,22	55,79	2333.62	2345.46	2374.73	
47	Telephone Networks (2)	1152.61	-0.5	10.61	4.31	12.28	22.38	1158.93	1147.87	1148.38	
40	Miscellaneous (26)	1989.17	+1.1	8.80	3.27	12.83	44.44	1959.44	1924,58	1938.06	_
	INDUSTRIAL GROUP (485)		-4 <u>.3</u>	9.57	3.81	12.88	27,19	1211.49	1199.55	1296.97	965.0
51	OII & Gas (15)	2201.75	*******	9.84	5.15	13.43	86.84	2262_21	2169.73	2163.43	_
24	500 SHARE INDEX (500)	1292.28	-0.2	9.60	3.99	12.95	32.04	1295.46	1281.85	1288.21	<del></del>
62	FINANCIAL GROUP (121)	880.90	-8.3		5.21		27.17	803.19	794.59	798.38	689.
65	Banks (9) Insurance (Life) (8)	882.78	-0.3	21.51	6.22	6.11	35.17	805.57	795.58	895.84	673.9
~	Insurance (Composite) (7)	4230.65	-0.5	-	5.04	- 1	46.88	1263.23 657.21	1243,53 653,43	1221.95	1096.
67	Insurance (Brokers) (7)	7029 20	+0.4	7.18	5.73	70 54	24.09	1636.31	1076.33	657.90 1883.19	965
اهة	Merchant Banks (10)	410 T1	+1.4 -0.1	/_8	5.98 3.99	18.54	9.70	438.52	482.22	363-15	337.3
691	Property (49)	1312.01	-0.5	6.74	3.09	18.89	29.77	1323.22	1311.96	1321.24	
70	Other Financial (31)	356.02	-0.2	11.25	6.26	11.51	13.23	356.73	356.06	360.90	362
71	Investment Trusts (69)	1258.45	ишт		2.69		19.94	1258.06	1251.89	1257.95	915.4
81	Mining Finance (1)	707.86	-0.2	10.85	3.84	20.36	22.25	763.15	694.16	698.01	585.
AT.	Overseas Traders (8)	1388.36	-1.1	9.80	5.63	11.69	43.67	1403.20	1389.67	1464.71	1299.
99	ALL-SHARE INDEX (699)	1172.99	-0.3	-	4.14	-	30.52	1175.94		1169.55	946.
		index	Day's	Dav's	Day's	Oct	Oct	Sep	Sea	See	Year
	FT-SE 100 SHARE INDEXA	No.	Change	High (a)	Low (b)	3	2	29	28	27	390

INDICES	British Government Low 5 years Coupons 15 years	10.32 9.64	10.20	
1 Up to 5 years 115.93 -0.16   116.12 - 9.66   5 C   2 5-15 years 130.30 -0.46   130.91 - 9.84   7 H   3 C   140.46 - 11.64   8 C   4   140.46   -11.64   161.73 -0.77   162.99 - 8.83   9   10   17   17   17   17   17   17   17		0 261	9.58 9.44	9.75 9.35 9.06
Index-Linked 6 Up to 5 years138.34 -0.28 138.74 - 2.26 12 in	Medium         5 years           Coupons         15 years           25 years         15 years           High         5 years           Coupons         15 years           25 years         15 years           Irredeemables         15 years	9.50 11.21 10.04 9.62 11.32 10.24 9.77 9.57	7.44 11.11 9.96 9.54 11.22 10.16 9.70 9.49	10.17 9.59 9.23 10.27 9.74 9.31 9.85
7 Over 5 years 136.30   -0.69   137.24   _   2.89   13 in	Index-Linker Inflation rate 5% Syrs. Inflation rate 5% Over 5 yrs. Inflation rate 10% Syrs. Inflation rate 10% Over 5 yrs.	3.45 3.46 2.84 3.50	3.55 3.62 2.73 3.45	3.28 3.86 2.19 3.69
	Debs & 5 years Leans 15 years 25 years	13.39 12.27 11.59	13.21 12.25 11.62	11.76 11.21 10.87

4Opening Index 2327.1; 10 am 2319.4; 11 am 2312.3; Noon 2314.0; 1 pm 2317.4; 2 pm 2317.4; 3 pm 2313.4; 3.30 pm 2313.9; 4 pm 2313.7 (a) 9.25am (b) 4 54pm f Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS	YESTI	ERDAY	:
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rower based Forecast, or Prospectus 1990-91.1, on Prespect estimates for effected activities	on cividen restinated or other off Estinated the or other or 1989-94 inches W	g get THI C generalises lical estifes acqualises er official ). Q Gross Pro Form	aprang Ass division of the ates for 198 dividend, or estimates R Forecast of flowers &	oppeg oren ate, cover b 19. K Divide over and pi for 1988.) L annualise iconed by to	estimates, d Divident rate paid or sapable end and yleid. S Divident and yleid estimate again est and yleid estimate again est paid estimate again print paid estimate again yleid based on prospectus or other or latest amount correlaps. M Divident and yleid based on prospectus or other or latest and yleid based on prospectual of the paid and yleid based on prospectual divident, cover and yle ratio based on prospectual or latest and yleid prospectual or latest against a divident and yleid prospectual or latest against a paid in connection with representation me at Losdon issuing II inclinding warrance of	and yield to filest exiting and and yield to other ( prespectus & pres at 1 "di	ased of the first

TRADITIONAL OPTIONS	
First Dealings Sep 25 London Share Service Last Dealings Oct 6 Calls in Ferranti, Costal	n,
Last Declarations Dec 21 Regenteret, Brasway, Ch For settlement Jan 8 tunnel Units, Morgan	ris

### LONDON TRADED OPTIONS

turned quiet yesterday as dealers waited nervously for today's Bundesbank council meeting which is widely expected to res in higher West German interest the Bank of England could be forced into increasing UK rates in order to defend sterling.

Worries that share prices could tumble if the Bundesbank tightens monetary policy led some dealers.

to bid for expensive FT-SE 100 index put options. "A few people had only just woken up to the importance of the Bundesbank meeting and had to pay up for one dealer said

share market could fall was

9,771 contracts, of which 6,158 were puts and 3,613 were calls. The most active series was the October 1989 2,400 call, which traded 1,399 contracts. Total turnover on the options market amounted to 29,582 con-

tracts, of which 17,056 were calls and 12,526 were puts.

Among the company options, the most widely traded were

those boosted by takeover talk. Jaguar was the busiest as speculation continued to swirl around the market that General Motors may be set to enter the fray for the luxury UK car manufacturer. Jaguar turned over 2,040 contracts, of which 1,334 were calls and 706 were puts. The most activety series was the October

acts. Asda was the second most speculation still the order of the day after the Belzberg brothers, the Canadian arbitrageurs, increased their stake in Asda last week to just under 5 per cent. Asda traded 1,912 contracts, of which 1,657 were calls and 255 puts. The November 180 call was the busiest series and traded 790 contracts. Grand Metropolitan also fea-

tured on talk that Sir James Goldsmith and his partners in the Hoylake consortium had already built a 2.5 per cent stake in the com-pany, it traded 1,893 contracts, divided between 1,453 calls and 440 puts.

۱			CILL!			PUT:					CALL		٠	PVT:		Option	_	- 64	CAT.	S May	<b></b>	PUTS	Marie
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(*125)	1250 1300	23 7	75 50	97 70	33 67	30 50 82	.67 .95	GEC (*243 )	220 240 250	25 U 5 35	35 19 95	28 18	1 · 5½ 19	35g 20	10½ .	C330 )	330 360	20 8	34 18	39 24	14 33	18 34	22 38
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**Delta shares** 

rise on news

of Tomkins'

SHARES in Delta, the

electrical equipment,

engineering and industrial

services group, rose 18p to 358p yesterday after Tomkins,

the industrial holding

company, disclosed that it has

built up a stake of just under 2

Tomkins said it had no

present intention of making

a bid for Delta, but it re-

served the right to review its

position if circumstances

The 2.9m shares had been

bought during its current

financial year, which began

on May 1, at an aggregate cost of about £10.3m, Tomkins

2% stake

By Clay Harris

changed.

said.

### **UK COMPANY NEWS**

# Higgs and Hill declines to £10m

THE DEPRESSED housing the South Western Regional charges prompted a fall in pretax profits at Higgs and Hill. The proceedings concerned a problem of alkali silica reaction in the structure of the structure of the structure increased from 2160.52m to £182.45m, but earnings per share slipped from for the agreed settlement has now been made. Turnover increased from tal, a project wh 2160.52m to £188.46m, but earn-ings per share slipped from for the agreed s 20.1p to 18.5p. Nevertheless, the interim dividend has been

raised to 44p (4p).
Sir Brian Hill, chairman, said that unit house sales had fallen by 35 per cent compared with the first half of last year and that the problem was continuing. Until the Govern-ment has brought inflation under control and interest

return of purchaser confidence in the housing market." The exceptional items comprised a credit of £1.56m from the profits on the sale of the company's 14.9 per cent stake in Rush & Tompkins, the property developer and contractor. But this was more than offset by a charge of £2.77m resulting from the settlement of arbitra-

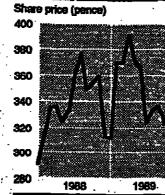
A number of board changes were also announced yesterday. Sir Brian will step down as chief executive, but remains executive chairman. Mr John Theakston becomes joint managing director and is replaced as finance director by Mr Colin Archer, previously the group financial controller of Store-

rates fall we do not expect a house, the retailing group. return of purchaser confidence in the housing market."

The exceptional items comsaid the appointment of Mr Theakston, who is 37, suggested that the group was considering the process of suc-cession and that it was signal-ling its intention to remain

Sir Brian said the perfor-

Higgs & Hill



mance of the group's construction and property businesses were "in marked contrast" to the housebuilding activities. Construction achieved a substantial increase in profits and the order book for 1990 is at a high level. There was a strong performance from UK and French property companies and the group's first Dutch development has commenced.

Higgs and Hills' results demonstrate just how nasty the housing market has become in the south-east where its business is concentrated. But this is not exactly news and the falling unit sales have already been largely discounted in the share price, which shed 3p to close at 325p. Yesterday's figures also show the importance of the other strings in Higgs' bow. The property market has been peaking as house sales have plunged and continued earnings growth can be expected from both sides of the Channel. Similarly, construction shows no sign of easing. But for the moment, compensation for the housing slump is perhaps the most that can be expected. For the full year, analysts are looking for about £24m, down from original forecasts of £28m. and film less than in 1988. The company is still one of the

most highly regarded in the sector, but until interest rates come down, the prospective multiple of 7.6 is unlikely to

# All-round growth expands Hewden Stuart 43% to £19m

STRONG GROWTH across ment in demand in the south virtually all its activities lifted and Midlands reflecting the Hewden Stuart, the Glasgowbased plant hire group, to pre-tax profits of £19.35m for the six months to July 30, an increase of 43 per cent.

Group turnover increased from £100.5m to £117.6m, of which £46m came from the sales division and the balance from hire operations.

Fully diluted earnings per share rose from 5.01p to 7.15p

and the interim dividend is raised from 0.6p to 0.75p. The sale of surplus group

properties added about £1.3m to profits, but interest costs were up at £2.25m (£1.71m.) Sir Matthew Goodwin, chairdescribed the results as excellent and said they had

deterioration in the housing market.'

He expected this slowing to continue for some time but the geographic and operational diversity of the group provided protection.

Hewden expected profits in the second half to be "usefully ahead of the same period last

Hewden does not break down profits at the halfway stage, but said they were rela-tively evenly spread across the various businesses.

However, the London merchandising activities suffered from pressure on margins and achieved only flat profits.

Hillsdown stake in Hill & Knowles By Clay Harris

Hillsdown Holdings, the food, property and furniture group, is paying £1.93m in shares for a 70 per cent stake in Hill & Knowles, a designer and mar-keter of fabrics and wall coverco-ordinated ranges it offers. At present, its only operation in Hill & Knowles' sector is ings. It will also assume about Dovedale Fabrics. £1.5m in debt.

Capital expenditure was increased during the period

The acquisition will enable Christie-Tyler, Hillsdown's fur-niture and furnishings subsidiary, to increase the number of

from £25m to £28m. Hewden expected expenditure of £17m in the second half.

• COMMENT Hewden's results came in at

the very top of expectations and represent the latest chapter in its story of success. Equally familiar, however, was the lack of breakdown concerning divisional performance and sector exposure. This is not really Hewden's fault, given the difficulties in keeping tags on where each compressor ends up, but it does add a pinch of uncertainty. Analysts estimate, however, that less than 10 per cent of business is related to the housing sector, the only area of concern. With gearing heading down to 20 per cent, good geographical and operational spread and a broad customer base, the only question mark concerns the possi-bility of a hard economic landing. Hewden, like everyone else in construction, would suffer should this occur. But anything milder seems easily man-

The cumulative purchases constituted a Class II transaction under Stock Exchange rules. Companies must disclose to shareholders any purchase of assets which comprise more than 5 per cent of net ageable, with contractors likely to switch from purchase to hire. Pre-tax profits should reach £36m for the full year, and another mild winter could

Delta declined to comment yesterday, but it is known to have made inquiries under Section 212 of the Companies add up to £2m more. The pro-spective rating of just over 9 is a premium to the sector, but Act to discover the beneficial ownership of the shares in question.

### John Maunders surges by 50% to over £7m

which increased 26 per cent to year were sufficient to meet

JOHN MAUNDERS, residential group policy to sell ahead of property developer, produced construction and the group record results for the year to was now selling for completions in increase of 50 per cent from ward sales for completion in the first help of the current the first help of the current. \$4.77m to \$714m on turnover the first half of the current

He concluded that house sellman, said the results had been ing prices in the north west achieved against a background had stabilised and, assuming of differing regional markets current markets did not deteriwith margins in the East Ang-lia and southern operations conservative borrowings, a deteriorating, while the market prime land bank and a good in the north west remained forward sales position, could look forward to another year of

He said that the number growth nits sold last year totalled 676 Interest payable more than units sold last year totalled 676 Interest payable more than against 745 units but the aver doubled last year from £1.11m age house selling price to £2.43m; after tax of £2.5m increased from £52,000 to (£1.67m) earnings came out at increased from £52,000 to (£1.67m) earnings came out at £78,000 thereby preserving the 19.1p (12.65p). The final dividend is a proposed 2.65p (2.1p) Mr Maunders said it was making a total of 4.75p (3.15p).

### Isopad pays £1.5m for West German acquisition

1964 and employs 100 people af its factory in Heidelberg. Its costomers are mainly involved applications in laboratories applications in laboratories range and customer base and the nuclear research and should quickly return Wittpetrochemical industries. Last mann to profitability, year it incurred a pre-tax loss Mr Herbert Breit, a director of £65,000 on turnover of £4.4m. Isopad, established by three Second World War refugees from Czechoslovakia, obtained been appointed managing a full listing last year through director of Wittmann.

ISOPAD International, which sa placing valuing it at £13.6m. Wittmann was established in by applying insulated electrical of and employs 100 people at wire or foil to their surface.

The directors said the combi-nation of Isopad's expertise with high-temperature heating and Wittmann's strong product range and customer base

# Renaissance leads refinancing for Lamdec

A £900,000 refinancing for been lacking a little on mana gerial expertise. Mr Patrick Giles, who has recently been Lamdec, a private company in process engineering and design, has been completed. The leading investor was Renaissance Holdings, a specialist in company turnround and recovery situations. nd recovery situations. teams of process engineers in Mr John Sidwell, a Renais- the country. But all that had

sance senior executive who been jeopardised by delayed joins the Lamdec board as payment on one major conchairman, said Lamdec was in tract, a US company operating negotiations over a number of in the UK, and slack controls contracts in the engineering on others.

Remaissance, which has an field. At present it was concen-trating in the UK although there was a chance that it

could look overseas later. In the future but said that for The company, which curthe time being the main objec-rently has a turnover of tive was building up the core around £10m, has obviously activity.

Changes in share stakes Warren, a director, has announced recently included: acquired 97,391 ordinary (0.61 Admiral Computing: Director, per cent) making his total hold-tors stakes: C James has disconnected in the continuous contin Admiral Computing: Directors stakes: C James has disposed of 150,000 ordinary 1.42 per cent. The total holding is now 2,484,725 ordinary (23.38

per cent). Bisichi Mining: Janter has disposed of 425,000 ordinary leaving a total holding of 646,200 Company of Designers: John

Davy Corporation: Abu Dhabi Investment Authority has disposed of 750,000 beneficially held ordinary (0.75 per cent). the total holding is now 6.9m (6.94 per cent). Shares are registered in the name of Nbad

option on an equity interest, does not discount acquisitions

### **PUBLIC WORKS LOAN BOARD RATES**

"Non-quota loans B are 1 per cent higher in each case than non-quota loans A. Hequat instalments of principal. If Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

### Elson and Robbins hit midway

The cutback in consumer spending on bedding and furni-ture hit Elson and Robbins in the first half of 1989, and it saw pre-tax profit fall from £591,000 to £59,000.

Turnover improved from £7.66m to £8.94m. Action taken should improve the operating position in the second half. Earnings were 0.36p (3.86p).

# THE NAME BEHIND THE NAMES



### **European Investment Bank**

Lead managed placing of further issue of [100m 9½% loan stock 2009.

June 1989

WPP Group plc

justifiably so.

Joint broker arranging sub-underwriting of the rights issue of convertible preference shares, raising £214m as part of the purchase consideration for the Ogilvy Group Inc.

June 1989



SPEYHAWK PUBLIC LIMITED COMPAN

Placed (20m of cumulative redeemable preference shares 2014.

May 1989



BALTIC PLC

Arranger and dealer on £50m Sterling Commercial Paper Programme.

August 1989



Communications Plc

Joint broker to Carlton in the £508m acquisition of UEI.

Issued by Barclays de Zoete Wedd Limited, a Member of The Securities Association



BARCLAYS de ZOETE WEDD

Note of caution sounded on outlook as demand slackens at home

# Harrisons & Crosfield rises 8%

A CAUTIOUS note on its yesterday by Harrisons & Crosfield, which has been moving out of plantations and com-modity trading into chemicals, timber, building supplies and agricultural products.

Announcing an 8 per cent increase in pre-tax profits. from £52m to £56.2m, for the first half of 1989, Mr David Hopkinson, chairman, said: The improved results have been achieved in a less favourable economic environment than last year's. In the second half of the year profits are unlikely to advance at a significantly faster rate.

H&C saw its operating profits from timber and building supplies rise 35 per cent to £13m. The Southern-Evans timber depots, which H&C bought last year for £85m, have adopted the Harcros name and were now also selling building

Mr Hopkinson said: "Some slackening of demand has been

make prisms

USH to

for Nikon

Harrisons & Crosfield Share price (pence) the UK.

165

1989

experienced in the UK, particularly in the south of England, but the addition of the Moores business with 59 depots in the US and five new depots in Australia will maintain the momentum of growth."

Profits in the chemicals division were flat at £27m. The chromium plants in County Durham and Texas had unrelated technical problems, which closed each plant for three weeks. The organic chemicals activity had been strengthened by acquisitions in the US, Australia and

Pauls Foods Products saw its profits rise 40 per cent to £12.5m, boosted by higher prices for pigs and animal feed. As Europe's biggest supplier of malt, Pauls also benefited from the recovery in the Seatch the recovery in the Scotch whisky market.

Mr George Paul, H&C's chief executive, said last month's £44m acquisition of Edward Baker, the pet food maker and flour miller, would give great growth opportunities in Europe, which already buys more than half the company's

pet food. Profits from the general trading division were down 23 per cent at £2.4m, mainly as a result of the disposal of the European commodity trading and insurances businesses and a Sri Lankan company for

The plantation division's profits were £9.7m, down 25 per cent, chiefly because of the sale of the 30 per cent stake in Harrisons Malaysian Plantations for £145m in March. Mr Paul said H&C intended

to hang on to its remaining plantations in Indonesia and Papua New Guinea, in which it had invested heavily. Plantations now account for only 15 per cent of group profits; as recently as 1984 it was more than 50 per cent.

Earnings rose 8 per cent to 7p (6.5p). An interim dividend of 3.4p (3p) is declared and the year's total 8.5p (7.7p).

The group's restructuring continues and so far this year it had spent £134m on acquisitions and realised £160m from disposals. Gearing, which was up to 59 per cent at the end of last year, should be about 40 per cent by December 31. The shares closed 7p lower

See Lex

# Hoskyns acquires Inset

By Clare Pearson

Jun

By Andrew Bolger UNITED Scientific Holdings, the defence equipment group which is the target of a hostile bid from Meggitt, is to make

and supply prisms to the Nikon group of Japan.
USH owns 65 per cent of Avimo Singapore, which was created to develop the market for civil ordics. A new subsid-Unix open systems. for civil optics. A new subsidiary of Avimo Singapore will supply Nikon with prisms for use in camera viewfinders. USH will today publish its defence document against the bid from Meggitt, which when

it was launched on September 11 valued each USH ordinary share at 151p and the whole group at £115m. However, USH's shares immediately jumped 29p to 176p.
USH shares closed yesterday
at 156p, down 2p; Meggitt
shares were 105p, off 3p on the
day and a full 11p lower than

ROWTH

MANAGEMENT

their closing price on the bid announcement. Meggitt's paper offer values USH at 136.5p, and its partial cash alternative is worth 153.8p.

# for maximum of £12.2m

HOSKYNS, the computer services concern, has made its first acquisition since GEC and Siemens took control of its majority shareholder, Plessey, the electronics company, a month ago. Hoskyns is paying up to £12.2m in shares for The Instruction Set, a specialist in

Plessey is taking up 370,000 of the 654,439 new shares placed to finance the initial consideration for Inset. This maintains its stake at about 70 per cent and is seen as underlining the support of its new owners for Hoskyns. Plessey's holding is to be divided equally between GEC and Siemens.

In May, about a fifth of the share capital of Hoskyns was placed on the market. Plessey bought virtually the whole of the equity in July last year, but pledged to maintain the company's quotation to enable it to continue to make acquisitions for paper.

The purchase of Inset is aimed at strengthening Hoskyns' capabilities in the grow-ing area of open systems, which allows users of informa tion technology to be indepen-dent of specific hardware plat-

Five-year-old Inset is a UK leader in Unix training, with most of its customers in the public sector. It has begun to develop international business.

The vendor placing is at 535p per share. The initial consideration is £3.5m, with a deferred payment of up to £8.7m depending on Inset's performance in the period to end-March 1991. Inset's revenues grew to

£4.9m (£3.7m) in the year to end-March, although pre-tax profits fell to £18,000 (£514,000) as a result of investment in new services, including a training expension in the HS ing organisation in the US. These investments are expec-ted to contribute profits in the

current year.

The Inset purchase marks the second acquisition since Hoskyns' return to the market. Earlier, it bought Programm-Standard, a West German software company, for a maximum consideration of about £15m.

HIGHLIGHTS

OF THE YEAR

1989

296·18m

23·29m

12·7p

5.0p

66 We have completed another year's

excellent progress. Recognising the current

turbulent economic climate we have every

expectation that our successful growth

record will be continued. 99

Peter W. Parkin, Chief Executive

Copies of the Report and Accounts are obtainable from

1988

209·69m

13·48m

8-6p

3.0p

Increase

41%

73%

48%

67%

Results for the Year ended 30 June 1989

Turnover

Pre tax profit

Earnings per share

Dividends per share

### Cramphorn grows 15% to £1m

PROFITS and earnings both increased by about 15 per cent at Cramphorn, garden centres company, for the year to July The taxable figure rose from 5870,092 to £1m on sales which fell from £16.44m to £16.14m. Earnings per 50p share rose

from 20.16p to 23.09p. The directors of the USM-quoted company said that the sales fall reflected the closure of a further eight shops and one small garden centre. The higher interest charge of £217,895 (£111,522) was due to the acquisition of Heathlands garden centre and increased interest rates. However, they said the overall performance

The company's properties had been revalued at March 31, producing a surplus of £10.52m this, together with £326,041 balance from property disposals, had been transferred to

An increased final dividend of 4.6p has been recommended, making a total of 6.25p (5.5p) for the year.

### **Talbex** crisis leads to share suspension

By Clay Harris

THE GREEN revolution in Britain's shops has proved to be a less than a blessing for Talbex Group, the contract aerosol filler which has led the way in meeting environmental concerns and faces a financial crisis as a result.

Talbex's shares were suspended at 6½p yesterday, pending "clarification of its financial position" and the outcome of negotiations with its bankers, led by Royal Bank of Scotland

Among the options being considered are new borrowing facilities, injections of equity through a rights issue or from an external investor or, at the extreme, seeking a buyer for

the company.

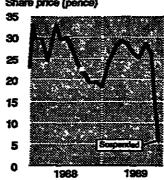
The immediate difficulty arises from Talbex's heavy investment in a factory at Scunthorpe, specialising in filling aerosols with butane, a hydrocarbon which has nearly entirely supplanted ozone-un-friendly chlorofluorocarbons (CFCs) as the propellant in

UK-produced serosols.

However, the process of filling aerosols with butune is far more complex than with CFCs and requires higher safety standards. Mr Carl Stansfield, finance director, said rivals

Talbex

Share price (pence)



which had not reached the same level of safety were able to underent Talbex on price. There was, moreover, a con-tinuing problem of overcapa-city in the market.

Talbex has also found manufacturers unwilling to test con-sumers' readiness to pay more for a really Green product.

After more than a year, it has yet to find its first UKcus-tomer for Exxel, a US-designed dispensing system which requires no propellant. Exxel, which uses a rubber sleeve to squeeze out the product, adds more than 25p to the cost of

Talbex gave its first warnrainer gave as answershing of poor trading results on September 19, and saw its share price fall by more than half that day. They have since traded as low at 4p, and Talber suffered an additional blaw when Paythan subse blow when Paribas subse-quently resigned as its stock-broker.

each unit.

Last month's statement also signalled Talbex's desire to ease its cash flow difficulties with the planned sale of a property holding for 2608,000. The group's medical division, incorporating a US designer and manufacturer of equipment used to monitor ionising radiation, is trading profit-

At the suspension price, Tal-bex is valued at £10.4m.

# SHARE STAKES

Aaronson Brothers: Scottish Amicable Investment Managers have increased their hold-ing to 4.423,500 ordinary (11.96

per cent). Courtney Pope (Holdings): West Nominees is interested in 1.34m ordinary (10.19 per cent). J A Devenish: Following the recent rights issue the Home of Devenish Trust (on whose behalf the Official Custodian

for Charities holds 2,010,941 ordinary shares of 5p each) now has a shareholding of less than 5 per cent of the com-pany's issued ordinary share capital. Billiam (J) .... Darby ..... Heath (CE) ... Everest Foods: DJ Davis, a director, has disposed of 16,750 ordinary at 150p each leaving his total holding at 4,333,250

ordinary (43.33 per cent). The shares were sold to RM Gilbert, chairman, Hornby: Guidehouse Group, of which D Michaels, a director, is a substantial shareholder, has sold 60,000 ordinary shares

at 256p each. Jefferson Smurfit: MWJ Smur-fit, a director, has acquired 8,028 ordinary to give him a holding of 4,014,844 (1.9 per cent) as trustee. He has also disposed of 50,000 ordinary reducing his holding to 12,840,438 (6.1 per

Kingsgrange: RF Whitehead purchased 50,000 in Kingsgrange on both August 11 and 15. Mr Whitehead's entire holding now totalling 225,000 shares is registered in the name of Courts and Company

(Nassau).

Metro Radio: Ferguson Industrial Holdings is now interested in 2,095,191 ordinary (22.1 per cent); the Co-operative insurance Society is now interested in 487,312 ordinary (5.1

# Grampian Holdings improves 17% despite retail difficulties

By Jane Fuller

GRAMPIAN HOLDINGS, the Scottish conglomerate, increased profits by nearly 17 per cent in the first six months of the year, in the face of diffi-culties in its retail division and French sports goods operation. But the performance failed to live up to high expectations and the share price fell ini-tially from 216p to 190p, recov-

ering to close at 195p.

Pre-tax profits advanced to 23.72m (£3.18m) on turnover up 14 per cent to £57.24m (£50.2m) Earnings per share were 4.07 (3.36p) and the interim divi-dend is L3p (1.13p). The most improved division

was transport, where profits accelerated by 35.5 per cent to \$1.5m on turnover up 17 per cent to £14.3m. Mr Bill Hughes, chairman, said that activity levels remained high, reflecting economic buoyancy

in western Scotland.

Pharmaceuticals, with a turnover of £13.7m, contributed 52m profit, an increase of 24 per cent. Mr Hughes foresaw further progress following the recent opening of a 52m plant, in Essex, making vaccines for both farm animals and pets.

We have benefited from the exit of drug majors from this market." He reckoned that the heeith products was much bet-ter suited to a company of Grampian's size than, say,

Glaxo Holdings. With subsidiaries in Austraha and New Zealand already doing well, Grampian would be looking for expansion in Europe, particularly through

trying to buy into businesses in France and West Germany. Grampian's higgest division (£21.7m turnover) is sports equipment, including Mitre in soccer, rugby and cricket, Ben Sayers in golf clubs and Penfold in golf balls. The film overall profits were held back by the French subsidiary, Patrick International, which incurred leaves in its home market. losses in its home market.
"The products were not as

good as they should have been at certain price points," said Mr Hughes. This was being tackled by filling product gaps and by more rigorous cost con-

In the £7.6m turnover from the retailing division, the inevitable problem was the squeeze on consumer spending. Against that background, Mr David McGibbon, finance director, said Grampian had cut 1800,000 from overheads, following the acquisition of the Pitlochry

£160m UK market in animal Knitweer shops, and it was disposing of shops in southern

England. The strategy was to reduce the number of units from 66 to nearer 50 and to concentrate on mill and tourist shops, not high street outlets. Indeed, it preferred to think of the division as "tourist services" rather than retailing.

O COMMENT Although Grampian is doing well in pharmaceuticals, transport and parts of its sports goods division, there are a number of caveats. The concentration on tourist shops makes sense and the catering side of these places does well, but whether the weather is deteriorating sufficiently to boost woollen sales at the milks boost woollen sales at the mills is another matter. The prob-lems with Patrick in France have proved stubborn and the company needs to deliver improvements not only in product range, but in market-ing and cost control. It is a competitive field, with Puma and Adidas among the rivals. Profit forecasts for the full year have been revised down to about £12.5m to give a pro-spective multiple of 13.8, which

### Accountants confirm Ferranti fraud

By Terry Dodsworth

A SPECIAL team of international accountants has confirmed that Ferranti International Signal, the troubled UK electronics group, has been exposed to a far-reaching fraud, the company announced

Following a meeting of its board, Ferranti said that Coo-pers & Lyhrand, the accountants brought in to examine a number of suspect contracts, had made a preliminary report that supported the company's own views on the fraud

This gives added weight to Ferranti's warning to share-holders that it will have to write off £185m, while re-stating its annual report to show its equity falling by almost a half to £197m as a result of the Ferranti's shares, requoted on the London Stock Exchange on Tuesday after a three-we suspension, advanced 2.50 yesterday to 57.5p.

Market sources suggested

that buying interest was com-ing from a variety of UK and European sources, and there was some speculation that British Aerospace was continu-ing to build a position in the

STC, the UK telecommunications and computer group, was being ruled out as a contender, particularly following news of share sales by its chairman, Mr Arthur Walsh, who would not be able to deal if he knew of significant changes in the company's position.

Institutional shareholders in Ferranti, who have been

becoming increasingly restless over the company's situation in the past few days, are to meet the board shortly.

Some fund managers said that there was a strong underswell of feeling against the present management continu-ing to run the business. The Ferranti management now lacked credibility, they

said, because institutional shareholders had been ignored when they counselled caution about the takeover of International Signal and Control. At the time of the acquisition two years ago, Ferranti's top management had been given the benefit of the doubt,

fund managers said, but they had ignored the warnings and

should now take responsibility

for the company's problems.

COMPANY NEWS IN BRIEF

BODDINGTON GROUP's KEWILL GROUP has acquired drinks wholesaling division, Liquid Assets, has acquired the Control Systems, the Chelten-businesses of Pinks, Pinks ham-based software house, through its subsidiary Trifid Brothers as going concerns to form a new trading division, Pinks-Stansfield Consideration is not expected to exceed £500,000 and will be disrmined by the valuation of the busi-

**BOOTS** has retained Merrill Lynch Capital Markets to handle the disposal of the Childs Corporation, a Pittsburghbased safety footwear business which was acquired with Ward White. Childs had sales of \$43m (£27m) in the year to August 31.

BRADSTOCK GROUP is making an administrative restruc-ture, whereby all life, pensions and investment business, as regulated by Fimbra, will be conducted by one company. This company will be Brad-stock Blunt and Thompson (L.

**BOARD MEETINGS** 

and P) which will be renamed Bradstock Financial Services.

Software. Consideration is expected to be about 250,000, met by the issue of shares. AMCS will add more than 20 companies to the Trifid user portiolio.

GOLDSBOROUGH, the care services subsidiary of Kunick, is to acquire Caldaire, owner of a 40-bed hospital in south Leeds. Goldsborough already owns another hospital in north Leeds. The offer values Caldaire at £3m, or £1.86 per ordi-nary share in cash and £2.04 if shareholders opt for the loan stock alternative.

SPONG HOLDINGS has sold Spong Print Limited, an Essex-based commercial 4 colour printer, for a maximum £525,000 in cash. In addition, Spong will receive £296,000 on the redemption of loan notes of SPL. The sale represents a con-tinued part of the rationalisaStonehaven Packaging Prod-ucts, Hillman Mouldings and MAL Manufacturing. The three companies, in which the majority shareholder is WL Phipps, make packaging products from factories based in Stafford. The initial consideration of £450,000 in cash and a further £300,000 for the freehold Stafford fac-tory occupied by Stonehaven, has been satisfied from existing resources. Total net assets

of the three companies at their last balance sheet dates were £420,000, excluding the freehold WB INDUSTRIES is to acquire the spring making business known as CMT Springs, together with its goodwill,

fixed assets, stocks and current contracts, and the dormant company, CMT Springs, from Caparo Industries. The consideration of £329,000 is to be met by the assumption of certain habilities of CMT, with the rest

BOARD MEETINGS	DIVIE	ENDS	ANNO	UNCE	D	
The following companies have notified detected board antellings to the Stock Enghangs. Such meetings are studily held for the purpose of considering dividencia. Official indications are not eventuable as to whether the		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
childrends are interime or finals and the sub-	Audit & Geni §fin	0.3	Dec 1	Иn	0.3	пЦ
divisions shown below are based mainly on fact year's Emelables.	Beckman (A)fin	3.15	Jan 6	3.15*	4.78	4.78*
TODAY	Brooks Serviceint		Nov 17	1.6	-	5
Interior- Associated Figheries, Batterware.	Cramphorn §fin		Nov 17	4	6.25	5.5
Consumer Products, Camellia Inva. Elam.	Earlys of Witneyint	0.3154	•	0.315		1.315
Finley (Jemes), Guinness, Jermyn Inva, Lep, Next, Uister Television.	Fortnum & Masonint	8 -	-	8	-	61
Heat, Uniter Television. Finals: Druck, Galillord, Photo-Me Intl, Strong	Grampian Hidgsint	1.3†	•	1.13*	-	3.667*
& Fisher, TSW-Television South West, Welsh	Harrisons Crosint	3.41	Dec. 15	3		7.7
ind lay Trust. PUTURE CATES	Hewden Stuertint		Dec 12	0.6*	•	22
Printers	Higgs & Hillint		Dec 4	4	-	12
	Ketsonint	nii	-	1	-·	1
8tham (4)	Lawtexfin	1.5	•	. nli	2	Ť
Heath (CE) Nov. 15	Martin (Albert)int		-	1.5	-	4.75
Hunting Oct. 17	Maunders (John)fin	2.65	-	2.1	4.75	3.15
New Mary Computers	Seers	1.525	•	1.45	-	5.1
Plante- Bezor COFC Troot COFC Troot Cot. 19 Cot. 27 Eneign Trust Cot. 24	Dividends shown pence "Equivalent after allow rights and/or acquisition market. &Carries scrip	DERINE E	XTIP ISSUE. Likku etaal	tOn capit	al incre	

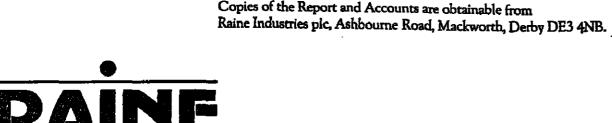
### **HEWDEN STUART REPORTS FURTHER SUBSTANTIAL INCREASES**

Highlights for the half-year to July 1989 (compared with the equivalent period last year)

Sales **UP**17.0% to £117.6m Profit **UP** 43-3% to £19.4m Earnings UP 42.7% to 7.15p per share: Dividend UP 25.0% to 0.75p per share

**Hewden Stuart Pic** 





Hall & Tawse

**Group Limited** 

HASSALL

Table State of the state of

# Five pieces of god advice.

\$4.3bn

Acquisition of BP Minerals and rights issue

RTZ

Hoare Govett Corporate Finance acted as joint adviser and jointly arranged sub-underwriting of rights issue

JULY 1989



£4.9bn

Merger

# SmithKline Beecham

Hoare Govett Corporate Finance acted as stockbroking adviser to SmithKline Beckman

**JULY 1989** 



Offer for ConsGold

### Hanson

Hoare Govett Corporate Finance acted as stockbroking adviser to Hanson

Security
Pacific
Hoare
Govett

AUGUST 1989

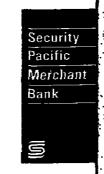
# Lira 40bn

Club Loan for Turin Sports Stadium construction

### Societa dell'Acqua Pia Antica Marcia

Security Pacific Bank AG acted as adviser, arranger and agent

AUGUST 1989



## £278m

Security

Pacific

Hoare

Govett

Acquisition of Arlington Securities

# British Aerospace

Hoare Govett Corporate Finance proposed the transaction and acted as joint adviser and underwriter

AUGUST 1989



In August 1989, Security Pacific Hoare
Govett completed its fifth exceptional deal
this summer. And you'd be well-advised
to study them.

Each one is an achievement in itself.

Even more so when you consider all five of them were completed in July and August alone. In the quiet season' as some like to call it.



Not surprisingly, we think these results are worth shouting about.

With each of our clients clearly enjoying an outstanding deal. And us, five.

Which amounts to a great deal of good advice.

Security Pacific Hoare Govett Group Limited, 4 Broadgate, London EC2M 7LE. Telephone: 01-601 0200.

Security Pacific Merchant Bank is the business name of Security Pacific National Bank, a Member of The Securities Association. Security Pacific Hoare Govett is the business name of Hoare Govett Corporate Finance, a Member of The Securities Association.

Fortnum & Mason

troubled by strikes

and refurbishment

### Harrisons & Crosfield

# Advance to £56m

### Acquisitions add strength

Interim Results					
to 30th	June 1989				
Turnover	£944.0m	+11%			
Profit before tax	£56.2m	+ 8%			
Earnings per share	7.0p	+ 8%			
Interim dividend	3.4p	+13%			

66 Restructuring of the Group continues apace. Disposals have reduced borrowings and prepared the ground for strategic acquisitions which will add considerably to the Group's overall strength.

66 We are building for the future and will ensure that we maintain a spread of developing businesses so as to achieve our objective of consistent long-term growth in earnings and dividends for our shareholders. 99

> David Hopkinson Chairman 4th October 1989

Harrisons & Crosfield plc 20 St Dunstan's Hill, London EC3R 8LQ.

FINANCE DIRECTOR DESIGNATE

Age 30/40 — Croydon — £35,000/£40,000 plus car

Surridge Dawson is the UK's third largest wholesaler of newspapers

Our present Finance Director retires in 1990. His successor will initially

management information systems and computer procurement policy.

Upon appointment to the Board next year, the successful candidate

Applicants must be qualified Accountants, aged between 30 and 40,

institute and manage change. You should also possess motivational

and communicative skills, together with a practical and commercial

Please send your C.V., including current salary and daytime telephone

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Telephone: 01-680 9500

preferably MBAs or graduates. A key requirement is the ability to

and magazines. Annual turnover is £150 million. Our Company

intends to increase market share through acquisition and organic

be required to drive investigations into potential acquisitions,

will also assume responsibility for the planning, finance and

number, to John Redington, Managing Director.

Surridge Dawson Ltd

computer functions.



### Stevens prevails in row over DSC planned US buy

By John Thomhill

IT MIGHT have been thought that Lord Stevens, chairman of United Newspapers, has enough problems trying to fathom the intentions of Mr Conrad Black towards his

Express Newspaper group.
But yesterday, Lord Stevens also came under fire from shareholders in his capacity as chairman of DSC Holdings a comparatively minuscule record styli and audio products company, at an extraordinary general meeting called to con sider a proposed £30.6m US

acquisition.

Nevertheless, he and fellow DSC directors emerged victorious, winning overwhelming support for three resolutions. These proposed the acquisition of Mid-States, a Nashvillebased car parts distributor, the increase of the company's share capital, and nayments of share capital, and payments of £150,000 apiecs to Lord Stevens and fellow director, Mr Christo-

Last week, Mr David New-ton, a shareholder and former non-executive director of DSC, publicly opposed the US deal, saying it was "totally devoid of merit." He circulated a letter outlining his objections to all DSC shareholders and raised questions about Mid-States'

tion policy.
At yesterday's meeting, Lord
Stevens said he was surprised that Mr Newton had not contacted either DSC's financial advisers or stockbrokers to resolve some of his questions before making them public. But he read out all 10 of Mr Newton's objections and answered each in turn, occa-



Lord Stevens: replied to all 10 objections and gave assurance

sionally adding rather pointed sides. He then invited ques-

One private shareholder. who was clearly disgruntled with the proceedings, but who said he was not involved with Mr Newton's dissatisfactions, assailed the board about the company's past dividend policy and the "gathering of the clan" that had assembled to push through the resolu-

He added: "You are not getting a penny of my money, and if my shares had not been suspended I would have sold them." Without waiting for Lord Stevens to answer his questions, he left, clutching a Sainsbury carrier bag, and muttering "I have better things

Later, Mr Newton delivered a short speech. He did not comment directly on Lord Stevens' response to his ques-tions, but said. "It is a cardinal principle of the Stock Exchange that what information is available to one share-holder should be available to ell shareholders. I should not have to phone up to ask for

"I think the thing I object to most is that there has been a double standard. All shareholddouble standard. All shareholders have not had the same information to interpret whether this has been a good or a had deal," he added, claiming that some institutional investors had been flown to the US to visit Mid-States.

In reply to the disgruntled shareholder's question, Lord Stevens said that 40 per cent of Mid-States' profits would be paid out in dividends. He also said that all that Mr Newton's intervention had achieved was possibly to affect the compa-

possibly to affect the company's share price when it resumed trading on the Third

Mr Newton objected: "I would like to respond to a per-sonal attack on my integrity." But Lord Stevens cut his objections short, saying: "I feel you have had your crack and we

should move on."
As the meeting closed, a shareholder stood up to criti-cise Mr Newton and thank Lord Stevens.

"We will try to make money for shareholders despite the present vicissitudes of life," Lord Stevens ruefully con-cluded.

#### British Foods which has a con-Cash balances had been run trolling stake in Formum, said "it will be difficult to match down as spending on the retur-bishment took place, so that interest receivable for the year: the pre-tax profit level of last Like many other retailers, Formum makes most of its profits in the Christmas

period. The shares fell by £1 to

By Maggie Urry

FORTNUM & MASON, the

op-market department store in

Piccadilly, London, famous for its hampers, has seen a fall in first half profits from £162,000 to £136,000.

Trading losses in the 28 weeks to August 12 increased

from £15,000 to £206,000, but

interest receivable was up from £177,900 to £342,000 and held the pre-tax fall to 16 per cent.

Mr Garry Weston, chairman,

who also heads Associated

Last year showed strong profit growth, but sales in the first half of this year were only 5 per cent up at 29.2m. Trading was affected by the transport strikes and by returbishment work in the store.

Export sales, which were good in the corresponding half year, were "disappointing" with the group's Japanese distributor overstocked. Wage costs rose faster than the rate of inflation, Mr Weston said.

will not continue at the high rate of the first half. Earnings per share fell by 14 per cent to 19.3p (22.5p) and the interim dividend is maintained

### Mild winter and long hot summer puts Early's in red

A MILD winter last year followed by a long hot summer and the major reduction in retail sales of household goods has had a severe effect on Early's of Witney, the blanket, textile and floor tile manufac-

Turnover in the six months to July 29 was up from £4:16m to £4.76m, but there is a pre-tax loss of £609,000 compared with a profit of £101,000

The directors said that group profitability should improve in the second half, but the results for the full year were likely to continue to show an overall loss before taking into account a \$4.5m windfall from the sale

of Mount Mills - 23.2m after expenses and tax.
Shareholders benefit from
the Mount Mills sale in the
shape of a special dividend of 25p and the 0.315p interim is There was a loss per share of

6.71p against comings of 1.05p

Following the substantial loss at Witney, where overall-sales fell by 16 per cent, despite a 7 per cent increase exports, action was taken to cut back production, other operating costs and stock levels. The restructuring of the textile operations will continue in the second half.

### Slade agrees £20.5m buy-out

By Maggie Urry

Ratners and other retailers, has agreed a management buy-out for 220.5m. It plans to come to the stock market quickly, possibly in the first half of next year. The group had sales of £21.1m and pre-tax profits of £2.3m in 1988.

Mr David Slade, chairman, said that 65 per cent of the company's sales go to Ratners, the high street group which

jewellery has transformed jewellery ich supplies retailing in the UK. He believes the £2.5bn UK jewellery market is not yet mature and there is

still scope for growth.

Mr Slade suggests that while
Ratners has rationalised the
retail trade, the suppliers are still mostly run as cottage industries, with few large groups. Slade specialises in dia-

monds and other gem stone jewellery; volume lines but not

priced at the cheapest end of the retailers' ranges.
The buy-out involves £10m of debt and £2.5m of equity from banks, arranged by CIBC Capi-tal, the UK development capi-tal arm of Canadian Imperial Bank of Commerce. Management is putting in £8m of

equity.

Slade had been taken over by Paisley Hyer, a private textile group, but Mr Slade decided to buy it out again.

## Windsor £3.5m property acquisition

By Clare Pearson will

freehold office property in Hemel Hempstead from Warringtons, the property develop-ment and housebuilding group, for a maximum consideration of £3.5m to be satisfied in

The deal marks the first move by Windsor since corporate financier Hunter Murray in July bought options to boost its potential stake in the company to 23.3 per cent. Windsor said it was designed to strengthen its financial posi-

The acquisition also brings Mr Philip Reid, a director of Warringtons, onto Windsor's

1989 turnover fell from £15.39m to £12.85m, with textiles £2.4m

lower at £10.31m, and pre-tax

profit came to £1.2m, against

Operating profit in textiles fell to £263,000 (£788,000), but

was offset to some extent by a

£107,000 growth in property, interest charges cut to £41,000 (£217,000) and a turnround

from a £46,000 loss to £30,000 profit at the associate.

ings were largely long term at

fixed interest and were not materially affected by the cur-

Textile rental helps

Brooks to £712,000

Brooks Service Group, whose principal activity is in textile

rental, lifted its pre-tax profit by 18 per cent, from £605,000 to

2712,000, in the half year to

Before interest charges the growth was 30 per cent, and came from an 18 per cent

increase in turnover to £9.2m

Mr Simon Brooks, chairman,

said textile rental lifted turn-

over 21 per cent as a result of

buoyant trading by hotel and restaurant customers. Benefit

also came from an acquisition.

Earnings for the period rose to 4.31p (3.7p) and the interim dividend is 1.84p (1.6p).

(£7.81m).

rent high interest rates.

Cash resources exceeded 23.3m at the year-end. Borrow-

**Textiles** 

setback

ment of the maximum further consideration of 7.95m new shares, Warringtons will have a 23.15 per cent stake in Wind-

Windsor said the presence of

Warringtons would help it develop a broader spread of businesses within both insur-ance broking and other financial services.

The 30,000 sq ft building, known as the Hallmark, is to undergo refurbishment and has been valued, on the basis that refurbishment is completed and the property let under a full repairing lease for a 20-year term at an initial

**NEWS DIGEST** 

WINDSOR, the Insurance board. The initial consider- annual rent of £390,000, at

To the extent the refurbishment cost is less than the difference between £4.35m and £2.75m, a further consideration of £500,000 will be payable on completion. Payment of the maximum consideration depends upon whether the sale

valuation exceeds £4.35m.

Mr Roy Schneider and Mr Steven Small said that, through the Hunter Murray vehicle, they hoosted their interest in Windsor from 14.74 per cent at the invitation of cherebolders.

shareholders. Windsor made a pre-tax profit of £100,000 in the halfyear to end-March.

#### Slimmer Lawtex back in the black with £439,000 with a substantially lower cost

THE MARCH interim statement indicated that 1938-89 was going to be a much better year for Lawiez, maker of umbrellas and leisurewear. The company has turned round from a loss of £863,000, after exceptional losses of £630,000, to a pre-tax profit of £439,000 in the year to July 1 last.

The losses were incurred in

The losses were incurred in connection with the disposal of Xetal Systems and Safeguard (Engineers), and an extraordinary loss of £262,000 after tax this time includes costs associ-Mr PG Schaefer, the chair-

man, said that in the period prior to the disposals all three core areas contributed to the improved results, although the umbrella business had suffered from the dry weather. He warned that, in common

with other suppliers to the retail sector, the group faced tough trading conditions. But

base, a much improved balance sheet and a clear focus to the business, Mr Schaefer said the group was now able to compete successfully and was well placed to take advantage of opportunities that gross.

Turnover last year fell from £19.68m to £17.31m and after tax of £27,000 (£15,000) earnings per 25p share emerged at 10.2p against a loss of 24.4p. There is a final dividend of 1.5p proposed (nil) making 2p (1p).

#### Lon & Metropolitan

London & Metropolitan has set up a \$50m sterling commercial paper programme, arranged by Hill Samuel Bank. Dealers are Barclays de Zoete Wedd and Hill Samuel and Barclays Bank is issuer and paying agent.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or to purchase any securities in The Fleming International High Income Investment Trust PLC ("the Company\*).

The Council of The Stock Exchange has admitted 72,205.281 new ordinary shares of 25p each in the Company and 74,435,897 zero dividend preference shares of 25p each in the Company to the Official List.

> THE FLEMING INTERNATIONAL HIGH INCOME INVESTMENT TRUST PLC (formerly

THE FLEMING TECHNOLOGY INVESTMENT TRUST PUBLIC LIMITED COMPANY) ent company under section 266 of the Companies Act 1985 incorporated in England, Registered No. 549832)

> Reorganisation of the Company into a Split Capital Investment Trust

Particulars of the new ordinary shares of 25p each and the zero dividend preference shares of 25p each in the Company issued in connection with the reorganisation of the Company are available in the statistical services maintained by Extel Financial Limited.

Copies of the circular issued by the Company to its shareholders in connection with the reorganisation, on 11 September, 1989 are available for collection only during usual business hours from the Comnany Announcements Office, The Stock Exchange, London EC2P 2BT on any weekday (Saturdays excepted) up to 9 October, 1989 and up to and including 19 October, 1989 from the registered office of the Company at 25 Copthall Avenue, London EC2R 7DR, and from:

Robert Fleming & Co. Limited 25 Copthall Avenue, London EC2R 7DR

5 October, 1989

# Weekly net asset

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). Application has been made to the Council of The Stock Exchange for the company's Ordinary shares, issued and to be issued, to be traded on the Third Market. It is emphasised that no application has been made for these securities to be admitted to listing nor for permission to deal in these securities on the Unlisted Securities Market.

Transactions in the Ordinary shares of the company will be effected in accordance with the rules and regulations of The Stock Exchange governing the Third Market. This investment may carry a high degree of risk.

#### DSC HOLDINGS PLC

To be renamed Mid-States PLC

acquisition of Mid-State Automotive Distributors, Inc. and 26 for 5 Rights Issue of up to 40,689,402 New Ordinary Shares of 10p each at 75p per share

#### SHARE CAPITAL

fully poid
Ordinary Shares of 10p each £4,851,429 £6,250,000

Particulars relating to the Company are available from the Company Announcements Office of The Stock Exchange at 46-50 Finsbury Square, London EC2A 1DD for the two business days following the date of the publication of this notice and in the Extel Third Market Statistical Services; and copies of the circular dated 18th September, 1989 may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 25th

Smith New Court Corporate Finance Ltd 30 St. Swithin's Lane DSC Holdings PLC 11 Devonshire Square London EC2M 4YR

ndon EC4N 8AE This advertisement is issued by Smith New Court Corporate Finance Limited, members of The Securities Association and of The Stock

5th October, 1989.

Charterhouse Tilney



Listed on the Amsterdam Stock Exchange

Pierson, Heldring & Pierson NX

#### SALMON FISHING **WELSH DEE**

A noted beat, mainly flywater 1½ miles - 10 named pools Auction 31st October 1989

DENTON CLARK & CO., 4 Vicar's Lane, Chester Tel: 0244-312771

#### MOTOR CARS

Are you looking for a used high profile motor car?

Check the selection in the WEEKEND FT EVERY SATURDAY

#### **United Newspapers** buys US publisher

United Newspapers, through

its advertising periodicals divi-sion, has acquired Pacific Media Group of southern Califat Beckman ornia for an initial \$25m cash. DISAPPOINTING figures in A further amount up to \$5m is payable depending on PMG's profits up to December 31. PMG publishes and distributes a free apartment rental magathe textile division led to reduced profit at A Beckman. Currently there was no sign of an upturn and difficult conditions prevailed, the directors zine. Net tangible assets are In the year ended June 30

#### Higher financing costs hit A Martin

Higher financing costs have hit the Albert Martin Holdings group of clothing manufacturers. In the first half of 1989 pre-tax profit fell from £912,000 to £706,000.

Although the year was prov-ing difficult, with interest rates high, the directors said there was good demand for the group's production capacity. Turnover rose from £26.34m to

Net interest charges were 2476,000 (£175,000). Earnings worked through at 3.1p (4.5p) and the interim dividend is 1.6p (1.5p).

The yarn texturising division based in Leicestershire had been sold and the blouse manufacturing activity of Sybille Claymar was being closed. Extraordinary costs totalling footpeted.

#### Audit & General jumps to £1.8m

Audit & General, formerly known as Humberside Electronic Controls, lifted pre-tax profits from £368,821 to £1.84m in the year to June 30 1989. Turnover advanced by £2.3m to The company also announced the acquisition of

the Swindon-based business of the H&T engineering services division of Leetec, for £1.13m cash, and the purchase of a portfolio of four freehold shopping parades for £1.24m in cash and shares. The bulk of A&G's profits

21.68m (£678.392) - came from the property division. The industrial division showed a turnround from losses of £301,608 to profits of £159,076, while there was a reduced loss of £2,105 (£7,963) from nursing homes. The results have been prepared on a merger account-ing basis.

The company is resuming the payment of dividends with a proposed final of 0.2p. The last payment was in 1985. Earnings per share rose from 0.06p to 1.27p. The company's shares are traded on the USM.

#### Wensum at £321,000 midway

In the six months ended July 29 1989 the Wensum Company made a pre-tax profit of £321,000 from a turnover of £4.15m, and remained confident about prospects for the remainder of the year.

The company designs career wear and makes men's clothing, and was once part of the Hornes Group. It came to the USM at the end of June; comparative half year figures were not available.

Mr Andrew Hughes, chairman, said both operating companies performed well. Wen-sum Corporate has been awarded the contract to design and supply clothing for the staff of WH Smith for the next five years. Other clients include Air Canada, Virgin Atlantic, Ford Motor and the

Earnings in the half year

# INTERIM RESULTS

CANAL + Board of Th

The Group contribint made on summe	lst senester	ans of Proper Proper Let retirenter	ri: S charge
S. S. J. S.	1909	1988	
Subscription. Advertision	2 269	1 925	
Other	136	136	+17.5
CONT	42	-	357
TOTAL REVENUES -	2448	- 2 129	+ 15.0
OPERATING INCOME	679	583	+ 165
Operating margin %	27.3	22.4	T-023
<b>1</b>		4,5	
PICOME BEFORE INCOME TAXES	633	573	+105
NET INCOME GROUP SHARE .	405		
Net sample (%)	165	327	+ 27.2
· · · · · · · · · · · · · · · · · · ·		14.9	•
NET PRODUC PER SHARP (PF)	22.5	17.8	+ 264
At June 30th, 1999, the remptor of private and		444	+ 20.5
94 000 institutionals. Retained rate restated.	maranda harranda 5.000	COO to apigs was	
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here considered by the costsy method		, while BLLPSR P.	يعير مصححون

should grow by 13% over 1988. Although the ince

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#### UK COMPANY NEWS

renounced rights were sold in the market. Shareholders have

already been sent cheques for

the latter amount, so the net

has been paid to checking the latest application form. "We have all read it," Mr Marcus said. Moreover, unlike previ-

onsly, an addressed envelope has been enclosed. The offer

closes at 3pm on October 25.

licences also have base metal

potential. It is also involved in

gold exploration in Alaska and New Mexico.

Pan Andean, which was formed in 1988, has cash resources of over £900,000. It is mainly involved with gold min-

ing and exploration in Bolivia. However, it has reached a joint venture agreement, subject to approval from the Irish Depart-

ment of Knergy, with Kenmare Resources involving four base metal licences and eight gold

Feitrim's shares will remain suspended, pending the approval of the proposed merger by shareholders and the Stock Exchange.

licences in Ireland.

More attention than usual

cost is unchanged.

### . Queens Moat gives 700 holders second chance

QUEENS MOAT Houses is handled the recent offer and now being offered the same giving nearly 700 shareholders the follow-up exercise.

The number of shareholders number of shares as before.

The number of shareholders number of shares as before.

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The number of shareholders number of shareholders number of shares as before.

The number of shareholders n because of a string of errors, arising from an incorrectly printed postal code on the ambication form.

if fully taken up, the offer will raise another £1.26m before expenses for the Rom-ford-based hotel group. Queens Most is also review-ing its procedures for similar

issues in future. It is likely to approach other receiving sharply since Queens Moat-first started making inquiries with NatWest two weeks ago, Mr. Martin Marcus, deputy chairman and joint managing disators said posterior

director, said yesterday. Queens Moat was first told only about two dozen share-holders had missed out, but that was revised to 80, then to 200 and finally to 681, Mr Marcus said. Each affected shareholder is

### Ketson cuts loss in first six months

THE REORGANISATION at Ketson, the public relations and marketing group, is work-ing through and it has cut its loss to £161,000 in the first

Mr Walter Dickson, chair-man, said given the very seri-ous problems of 1988 it was a creditable performance, and in line with expectations. In May, Ketson shareholders rejected a hostile bid approach from a consortium led by City and Westminster Pinancial in favour of a refinancing pro-

in the first half of 1988 the group made a profit of £282,000 and paid an interim dividend of 1p; but trading iosses, and particularly at Moorgate which was bought in the summer, in the second half left the year 2960,000 in the red and shareholders' funds

£5.45m in debit. No final dividend was rec-ommended and no interim is declared for this year.

Mr Dickson said the various steps taken were leading to a stronger and more stable group. In the short term a number of companies, especially Moorgate (financial mar-keting), had been experiencing a quiet summer, although there were signs of a pick up in business

in business.

Both IETC (sales training and consultancy) and Moorgate topped their budgets. Cost savings in the latter were being achieved faster than originally envisaged, and continued reorganisation had lowered the cost base substantially.

In the Far East the performance of Jeff Mann (PR consultancy or was disappointing, and the results from Whitelion (video facilities house) were also below expectations.

#### Correction

#### **Lon Merchant Secs**

In its proposed capitalisation issue, London Merchant Securities plans to issue one new deferred share for every three ordinary shares. An incorrect figure was published in figure

### Feltrim merger with Pan Andean

private company into Feltrim to turn it into a leisure vehicle. They announced their stake on July 19. The shares were

suspended two days later at 45p, up from a low of 23p in

FELTRIM MINING, a Dublin-based Third Market group run by the son of Irish prime minister Mr Charles Haughey, has announced a conditional agreement to merge with Pan Andean Resources, a non-quoted com-pany engaged in exploration in Ireland and Bolivia.

The terms have not yet been disclosed.
Feltrim, which was launched in 1988, had its shares suspended in July after two businessmen, Mr James Fitzsimons and Mr Derek Kelly, took

a 25 per cent stake. A spokesman for Feltrim

Merchant Banking Group yes-terday launched its private cil-

BCMB has built up its private client business to become

one of the larger stock brokers to court the private investor: it has £3bn in funds under

management and about 50,000

Feltrim, whose managing director is Mr Conor Ranghey, said it had then received an approach regarding a merger from Pan Andean, which it preferred.

This decision had been agreed with Mr Fitzsimons and Mr Kelly.

Feltrim, which was valued at £1.12m at its suspension price, holds 22 prospecting licences in said Mr Fitzsimons and Mr Kelly intended to reverse their gold, although many of the

**B&C** beefs up stockbroking side

ent stockbroking operation under a new name – the Stock Group.

However, Mr Bruce Ursell, chief, executive of BCMB, said the group's two regional brokers – Stock Beech, which has offices in Bristol and Birmingham, and Campbell Neill, which is based in Glasgow – would continue to lients.

Clasgow — would continue to
Last December, it sequired operate under their existing

BRITISH & Commonwealth Hoare Govett's private client names in the immediate future in order "to maintain their local identity" while drawing on the group's research and fund managebusiness from Security Pacific, which will now be absorbed by the Stock ment service.

Mr Ursell added: "We.won" carry on with the same pace of acquisition, but we'll be filling in the gaps with compa-nies and teams."

**UK ECONOMIC INDICATORS** 

The group launched two figure was published in Tuespersonal equity plans yesterday's edition.

### Radaker sells half of his 9.6% Blacks' stake

less than a week after the sports retailer failed in a 132m takeover bid for A Goldberg, the Scottish stares company, Judging by Blacks' market price, he has sold at a loss. Mr

By Clay Harris MB. BYRON RADAKER, a terday, Blacks shares were by the DS-based entrepreneur, sold trading at Sp. nearly half of his 9.6 per cent. The 19.5m shares were stake in Blacks Leisure Group placed on Tuesday with clients Control of Channel Trust, a Jersey-based company which had held the shares for Mr Radaker. Family interests of the US Judging by Blacks' market businessman, who runs his price, he has sold at a loss. Mr own Nevada-based Radaker Radaker's family interests paid Financial Management, retain 11%p per share in March. Yes-

### Royal Insurance launches life company in Spain

in in Living

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vices arm of Royal Insurance Group, is expanding its European operations into Spain with the launch this week of

Royal Life Spain.

Royal is spending 2500,000 on a high profile advertising campaign over the next few weeks, half of which will be earmarked for prime time talexider commercials with television commercials with the remainder being used for press advertising and direct

Royal Life has a strategy of overseas expansion of its long-term business, with particular emphasis on establishing a firm European presence in extrance of 1009 in advance of 1992.

The group already operates in the Republic of Ireland and the Netherlands, where Royal Leven, formed in 1987, is proving most successful.

Mr David Graham, Royal
Life's overseas actuary, said

ROYAL LIFE Holdings, the life that "We have examined all assurance and financial ser-the European options carefully and Spain seems to be a particularly attractive market."

Royal Life is making a total capital investment of £100m over the next ten years, aiming for a 2 per cent share of the individual life market by 1988. The Royal Insurance Group already has an established gen-

eral insurance operation in Royal Life Spain will be using these established distribution channels of the general insurance operation. In addition it will be marketing through its own direct sales team and through established

Currently, there are 414 com-panies operating in the Span-ish life market, of which 28 are

Foreign.
Earlier this year, Friends'
Provident Life Office
announced its entry into the
Spanish life market.

# Ind. Mig. Eng. Rebill prod. output order vol. 197.8 119.8 31.4 137.0 199.8 112.4 22.1 178.7 199.8 178.7 22.6 120.1 198.4 117.0 22.4 121.0 251.2 246.2 236.3 118.8 118.2 118.3 118.3 118.3 117.2 118.0 118.5 118.5 140.4 140.2 145.1 138.0 138.2 140.6 138.4 142.1 148.2 141.7 50,46 43,57 51,50 50,46 47,26 44,57 44,57 43,51 42,58 18.4 19.2 18.0 18.5 18.4 18.2 18.3 18.3 17.7

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Securities. The Offer is made solely by the Offer to Purchase dated October 3, 1989 and the related Letters of Transmittal and is being made to all holders of Shares and Warrants. The Purchaser is not aware of any State where the making of the Offer is prohibited by administrative or judicial action pursuant to a state statute. If the Purchaser becomes aware of a State where the making of the Offer is prohibited, the Purchaser will make a good faith effort to comply with any such statute. If after such good faith effort, the Purchaser cannot comply with any such statute, the Offer will not be made nor will tenders be accepted from or on behalf of the holders of Shares or Warrants in such State. Where the securities, blue sky or other laws of any jurisdiction require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by The Blackstone Group L.P. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Notice of Offer to Purchase for Cash All Outstanding Shares of Common Stock and All Outstanding Warrants to Purchase Shares of Common Stock

### Columbia Pictures Entertainment, Inc.

\$27.00 Net Per Share, \$18.50 Net Per 1992 Warrant

\$7.50 Net Per 1993 Warrant

Sony Columbia Acquisition Corp., a Wholly Owned Subsidiary

### Sony USA Inc.

Sony Columbia Acquisition Corp., a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Sony USA Inc., a New York corporation (the "Parent"), hereby offers to purchase all outstanding shares of common stock, par value \$.01 per share (the "Shares"), of Columbia Pictures Entertainment, Inc., a Delaware corporation (the "Company"), and all outstanding warrants (the "Warrants") to purchase Shares (the Shares and the Warrants are collectively referred to herein as "Securities") at \$27.00 per Share; \$18.50 per Warrant expiring in 1992 and \$7.50 per Warrant expiring in 1993, in each case net to the seller in cash and without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated October 3, 1989 (the "Offer to Purchase") and in the offer in the option of the conditions of Transcripted (which together constitute the "Offer"). the related Letters of Transmittal (which together constitute the "Offer").

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, OCTOBER 31, 1989, UNLESS THE OFFER IS EXTENDED.

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares which, when added to the Shares purchased or subject to purchase

expiration of the Offer that number of Shares which, when added to the Shares purchased or subject to purchase by the Parent or the Purchaser pursuant to the Option Agreements referred to below, represents at least 66%% of the Shares outstanding on a fully diluted basis.

The purpose of the Offer is for the Parent to acquire control of, and the entire equity interest in, the Company. The Offer is being made pursuant to an Agreement and Plan of Merger dated as of September 27, 1989 (the "Merger Agreement") by and among the Purchaser, the Parent and the Company. The Merger Agreement provides, among other things, for the merger of the Purchaser with the Company (the "Merger") pursuant to which each outstanding Share (other than Shares held directly or indirectly by the Parent and Shares held by stockholders who perfect their appraisal rights under the Delaware General Corporation Law (the "DGCL")) will be converted into and represent the right to receive \$27.00 or such higher price per Share as shall have been paid pursuant to the Offer, without interest thereon, upon surrender of the certificate evidencing such Share.

The Board of Directors of Columbia Pictures Entertainment, Inc. has by unanimous vote of those directors present determined that each of the Offer and the Merger is fair to and in the best interests of the stockholders and warrantholders of the Company.

of the Company and recommends acceptance of the Offier by the stockholders and warrantholders of the Company and recommends acceptance of the Offier by the stockholders and warrantholders of the Company. In connection with the Merger Agreement, the Purchaser entered into a stock option agreement with The Coca-Cola Company, a Delaware corporation, dated as of September 27, 1989 (the "TCCC Option Agreement"), and a stock option agreement with Allen & Company Incorporated, a New York corporation. ("Allen & Company"), dated as of September 27, 1989 (the "Allen Option Agreement"). The TCCC Option Agreement gives the Purchaser, upon the terms and subject to the conditions thereof, the right to purchase an aggregate of 53,826,344 Shares beneficially owned by The Coca-Cola Company (subject to certain rights of first refusal with respect to 6,250,000 Shares) at an exercise by The Coca-Cola Company (subject to certain rights of inst refusal with respect to 0,250,000 shares) at an exercise price of \$27.00 per Share, and 1,000 shares of Series A Preferred Stock, par value \$.01 per share (the "Preferred Shares"), at an exercise price per Preferred Share equal to the liquidation value of \$100,000 plus accrued and unpaid dividends. The Allen Option Agreement gives the Purchaser, upon the terms and subject to the conditions thereof, the right to purchase 2,767,801 Shares owned by Allen & Company at an exercise price of \$27.00 per Share.

The Purchaser reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to the Depositary followed as promptly as practicable by public announcement thereof not later than 9:00 a.m., New York City time, on the next business day after

the previously scheduled expiration date of the Offer.

Upon the terms and subject to the conditions of the Offer, the Purchaser will be deemed to have accepted for ayment and thereby purchased tendered Securities, if, as and when the Purchaser gives oral or written notice to the Depositary of its acceptance of such Securities for payment pursuant to the Offer. In all cases, payment for Securities purchased pursuant to the Offer will be made through the Depositary, which will act as agent for tendering security-holders for the purpose of receiving payment from the Purchaser and transmitting payment to tendering security-holders. Under no circumstances will interest on the purchase price of Securities be paid by the Purchaser regardless of any delay in making payment. In all cases, payment for Securities purchased pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Securities or timely confirmation of a book-entry transfer of such Securities into the Depositary's account at any of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase).

Securities into the Depositary's account at any of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase) pursuant to the procedures set forth in Section 3 of the Offer to Purchase, a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by such Letter of Transmittal.

Tenders of Securities pursuant to the Offer are invocable, except that Securities tendered pursuant to the Offer may be withdrawn at any time prior to 12:00 Midnight, New York City time on Tuesday, October 31, 1989 (or the latest time and date at which the Offer, as extended by the Purchaser, shall expire) and, unless theretofore accepted for payment by the Purchaser pursuant to the Offer, may also be withdrawn at any time after December 1, 1989. For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of the Offer to Purchase. Any notice of withdrawal must be withdrawn. specify the name of the person who tendered the Securities to be withdrawn, the number of Securities to be withdrawn specify the name of the person who tendered the Securities to be withdrawn, the number of Securities to be withdrawn and the name of the registered holder of the Securities as set forth in the certificates if different from that of the person who tendered such Securities. If certificates for Securities have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the tendering securityholder must also submit the serial numbers of the particular certificates evidencing the Securities to be withdrawn with a signed notice of withdrawal along with signature(s) guaranteed by a member firm of a registered national securities exchange in the United States or a member of the National Association of Securities Dealers, Inc. or by a commercial bank or trust company having an office or a correspondent in the United States (an "Eligible Institution"), except in the case of Securities tendered for the account of an Eligible Institution. If Securities have been tendered pursuant to the procedure for book-entry transfer as set forth in Section 3 of the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Securities and otherwise comply with such Book-Entry Transfer Facility's procedures. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser, in its sole discretion, whose determination will be final and binding.

The information required to be disclosed by Rule 14d-6(e)(1)(vii) of the General Rules and Regulations under the

Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by

The Company has provided the Parent with the Company's securityholder lists and security position listings for the purpose of disseminating the Offer to holders of Securities. The Offer to Purchase and the related Letters of Transmittal will be mailed by the Purchaser to record holders of Securities and will be furnished by the Purchaser to brokers, dealers, banks and similar persons whose names, or the names of whose nominees, appear on the securityholder lists or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to have feigle expected. to beneficial owners of Securities. The Offer to Purchase and the related Letters of Transmittal contain important information which security holders

should read carefully before making any decision with respect to the Offer. Requests for copies of the Offer to Purchase, the Letters of Transmittal and all other tender offer materials may be directed to the information Agent or the Dealer Manager as set forth below, and copies will be furnished promptly at the Purchaser's expense. The Purchaser will not pay any fees or commissions to any broker or other person (other than the Dealer Manager) for soliciting tenders of Securities pursuant to the Offer.

The Information Agent for the Offer is:

United States: 237 Park Avenue New York, New York 10017 (800) 365-5500/(212) 619-1100

Banks and Brokers call:

(212) 888-8900

**arter** 

Europe: Carter Valin Pollen a member of The VPI Group PLC 32 Grosvenor Gardens London SW1W ODH 01-730-8456

The Dealer Manager for the Offer is:

# The Blackstone Group L.P.

New York, New York 10154 (212) 985-2626

October 3, 1989

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WEEKEND EI **Advertisement Ratés** 

### **COMMODITIES AND AGRICULTURE**

### Government refuses help as | Chinese farmers want cash, not IOUs haddock quota runs out

By James Buxton, Scottish Correspondent

THE Government yesterday ruled out measures to help fishermen who say they are facing their biggest crisis in 20-30 years because of the near exhaustion of the UK's North Sea haddock quota.

Lord Sanderson, the Scottish Office agriculture minister, said it would be "irresponsible" to amalgamate the North Sea quota with the smaller west coast quota as a stopgap measure to enable fishermen to go on catching haddock

Mr George Sutherland, chair-man of the Scottish White Fish Producers' Association, told Lord Sanderson that the 54,000 tonne North Sea haddock quota for 1989 would be exhausted within a week or two. The quota was cut from the 1988 figure of 90,000 tonnes by EC fishery ministers last December because of scientific evidence of a drastic decline in

the number of juvenile had-

He proposed that the Government should amalgamate the North Sea quota with the separate west coast quota which would allow about another 15,000 tonnes to be caught in the North Sea before the end of the year. He said it was too dangerous at this time of year for east coast boats actually to venture to the west coast to fish that area's quota.

Lord Sanderson said that to amalgamate the quotas would violate the established quota systems and risk opening up Britain's North Sea quotas to fleets from other EC countries.

Mr Sutherland said that fishing boats would continue go out fishing in spite of the exhaustion of the quota. "They've got to make a living," he said. They would have to durn completed the hadder. dump overboard the haddock which they would inevitably

catch as they sought other spe-cies such as cod and whiting. Some fishermen, he said, would sell haddock which they

caught outside the quotas in spite of this being illegal. "it's the worst crisis we've known for 20-30 years," he said. A number of fishermen are appearing in court in Scotland this week for alleged offences related to breaches of quota. Mr Sutherland said the fishermen wanted the Government to establish a three to four-year programme with the EC which ing of some fishing boats with

a quota system. He said the fishermen disputed the scientific evidence of a decline in young haddock. The Government believes the decline, which began with the 1987 year class and has worsened since, is due to unexplained biological causes and not to overfishing or net size.

### Coffee continues to plunge

By David Blackwell

COFFEE prices continued this week's free-fall yesterday in both London and New York, hitting fresh 14-year lows. The January robusta contract in London closed at £684 a tonne, a fall of £31 on the day and £84 so far this week.

Yesterday's liquidation and heavy selling continued the downward momentum which started on Monday and was given impetus on Tuesday by remarks given by Mr Jorio Dauster, president of the Bra-zilian Coffee Institute. He said in London that Brazil saw no chance of export quotas being reintroduced by the Interna-tional Coffee Organisation in

Analysts believe the price could now go even lower as producers sell in order to increase their share of the market. "The market is utterly demoralised," said one.

Mr Peter Greenhalgh, of Landell Mills Commodities Studies. said the prospects for the coffee market were grim. Overall production of coffee for 1988/89 was 84m bags (60kgs each), THE Ivory Coast, the world's biggest cocoa producer, yesterday set a £700 per tonne market price for its main 1989-90 cocoa crop. The price paid to producers was cut by 15 per cent last week to a new low of 200 CFA francs per kilo. The Ivory Coast said the breakeven price was £567 per tonne, writes Mark Huband in Abidjan.

Fellx Houphouet-Boigny, the Ivorian president, yesterday met cocoa farmers at his villa in Yamoussoukro, the coun-try's administrative capital, in an effort to justify last week's cut in the producer-price. Producers are known to be angry at the cut and the move

will dominate the political agenda for the next 10 days in the run-up to a Cabinet reshuffle on October 14. Both price cuts come against the background of talks etween the Ivory Coast and its main creditors. On Monday, the political leaders will be meeting creditors in Paris. The country's debt burden — the highest per capita in Africa stands in excess of US\$3bn.

while consumption by ICO members was 59m bags and total stocks were 61m bags. Against this background, Madagascar - "hardly a hig player in the market" - had been the only producer to announce a reduction in output since the international cof-

July, he said. The two-week annual meeting of the ICO is now going on that the time is right."

in London, and is scheduled to end tomorrow. Delegates yes-terday said they were trying to agree on how to work towards reviving the agreement.

However, European con-sumer delegates said it looked at present as though the most that could happen this week was "a goodwill declaration of fee agreement collapsed in intention to begin real negotia-tions once consultations show

### Jamaica plans alumina expansion

By Robert Gibbens in Montreal

ly-growing world aluminium smelting industry. Mr Hugh Small, Minister of

Mining and Energy, told an industry symposium that as a first step the alumina refinery jointly owned by Alcoa, of the US, and the Government would be doubled in capacity to 1.5m tonnes and expanded further in the mid-1990s.

JAMAICA wants to expand its bauxite and alumina capacity to meet the needs of a steadiand Asia.

Jamaica now has five alumina refineries with total capacity of 3m tonnes, or 10 per cent of world capacity. With the help of Hydro Alu-minium, of Norway, the first European investor, the Alpart plant was re-opened last year. Mr Small said it had performed well and the Govern-

sider adding to the present 1m tonnes capacity.

He also favours expansion at two other plants controlled by Alcam Aluminium of Montreal. Last year, Jamaica produced 7.4m tonnes of bauxite and the figure in 1989 will be 9m tonnes, increasing to 11m in 1991. But that level will still be below a decade earlier.

LORDON METAL EXCHANG

Previous

um, 99.7% purity (\$ per tonne)

Lynne Curry reports on Peking's attempts at increasing agricultural growth

N RESPONSE to discontent among farmers who were paid for last year's grain crop with IOUs, the Chinese Government is stepping up pressure on banks nationwide to set aside enough money to pay for the country's autumn grain harvest. But analysts believe that

Peking may face a cash short-age and that again some farmers will have to accept credit

"The Government does not have sufficient funds to buy all of the grain it has contracted for," one western diplomat said. "The Agricultural Bank of China will have to distribute some IOUs and there will be some discontent.

In spite of this risk, the autumn grain crop is expected to be significantly above last year's 394m tonnes, but it is unlikely to reach the target of

Western analysts say drought in the north eastern provinces of Heilongjiang and Liaoning are likely to reduce the corn and soyabean harvest with the result that the overall grain forecast is 400m to 405m tonnes. This is below 1984's record of 407m tonnes. The forecast for a good har-

vest comes at a critical time for the Chinese leadership, whose public support has been eroded since the massacre of pro-democracy demonstrators in June in Peking and the subsequent crackdown in other Chinese cities.

While a big harvest reduces the chance of peasant unrest, the Government still faces the enormous task of paying for the autumn crops, which are the most important of the year's harvests and require the largest single annual cash expenditure by the Agricultural Bank.

Last year, farmers were paid in IOUs for wheat, cotton, rice and other crops and there has been concern this year that



Although he adopted Zhao's more market-orientated

they may simply refuse to hand over the crops unless they are paid in cash. Analysts believe, however, that farmers will have little choice but to deliver the grain. Those who do not will not get more seeds, diesel oil, or fertiliser from the state and are

for not fulfilling their con-With the Government placing a high priority on paying the farmers, Peking has also emphasised increasing agricultural growth, which has languished well behind that of industry and rural enterprises.

likely to have to pay a penalty

Since the record harvest in 1984, agricultural growth has been erratic with no overall general upward trend. The mediocre performance of the sector has meant that the Government has fallen behind in meeting its goal of becoming self-sufficient in grain by the end of the century.

To improve production, the

Government has accelerated ures already begun under former Communist Party chief Zhao Ziyang - increased investment in agriculture, more taxation, and greater control by the central government. Under the current leadership,

there has not been a reversal of those policies but rather a

slowdown in price reform. The emphasis now is on state control of prices and on a cutback of rural enterprises which have been the backbone of production increases in the countryside, but which have also seriously wasted scarce energy resources. In spite of the move towards

more central control, the current policy is not a return to the more extreme Stalinist planned economy of the fifties. Although the hardliners are pushing for a stronger grip by the state, the agricultural pol-icy has in fact shifted over the years from liberalisation to pri-vatisation and back to a more interventionist one, stopping short of total state control,

according to analysts.

Part of the impetus for the recent changes has been tha fear of the hardliners that free market reforms have led to decreased grain production and a move away from making the country a self-sufficient grain

He Kang, the Minister of Agriculture and the primary architect of the current policy, pinpointed the country's grain problems several years ago.

mechanisation. It would also enable brigation facilities to be

better maintained.
With the move towards more private farming in the last decade, irrigation and storage facilities have broken down and are in a state of disrepair, "China has been atomised into too many small plots and is now being reshaped into larger entities to be more economic."

one diplomat said. Diplomats said this is not a return to the collectivisation that existed under Mao Zedong and which farmers were forced to join. This new system is reportedly not compulsory and farmers are allowed to keep control of their land and have their own tools.

"If collectivisation takes place again the way it did in the past, you could expect farmers to have an uprising," one western analyst said. The central government is also attempting slowly to change the diet of its citizens

in an effort to reduce grain consumption. Increasingly it emphasises poultry production instead of pig farming because the feed conversion ratio is much more efficient. in the past two years, more foreign companies have become involved in assisting the Chinese with setting up at least eleven integrated poultry

abuse and corruption.

A highly sensitive issue, taxation of farmers will move forcomplexes, which, collectively, ward slowly, western diplomats said, adding that the state's credit situation is acute. are worth an estimated \$100m to \$200m, diplomats said. In spite of efforts to reduce "The state budget is not grain consumption, agriculture matched by its income and the still faces serious shortages of fact that it has sent out police-men on occasion to collect energy, water, fertiliser, and other raw materials. taxes shows the bad need," one

One of the most import tasks, though, is how to restructure the grain pricing system to induce farmers to grow more grain and switch their efforts from raising more lucrative cash crops. "The Chi-nese have to get the prices right and that's where the challenges are," one western banker said.

### Strike halts S African antimony production

By Jim Jones in Johannesburg

PRODUCTION of about one fifth of the world's antimony has been halted since last week by a strike at Consolidated Murchison, South Africa's only producer of the metal.

The legal strike by members of the all-black National Union of Mineworkers (NUM) comes after weeks of negotiations and about an agreement on this year's wage increases. Yesterday a company spokesman was unable to say when the strike might end.

In its financial year to June 30 1989 Murchison reduced production to 8,838 tonnes of antimony sulphide concentrates containing 5,201 tonnes of metal from the previous year's 10.855 tonnes containing 6.284 tonnes of metal. Nevertheless turnover increased to R54.6m from R42.0m and the pre-tax profit rose to R11.1m from

In his annual statement to shareholders this week Mr Michael Hawarden, the chair-man, said demand for antiretardants, was firm. However price discounting by Chinese producers left prices static. China has long been a thorn

in Murchison's flesh and is periodically criticised for its disruptive marketing strategies strategies apparently needed to sell poor quality and impure concentrates produced by ill-equipped Chinese mines.

# Burma signs foreign oil deal

source said.

BURMA has concluded its first oil exploration and production sharing agreement with a for-eign company since the oil industry was nationalised in 1962, when a military govern-ment headed by General Ne Win came to power.
The agreement, with

Yukong, South Korea's biggest oil refiner, will run for 25 years and was signed with the Myanthe Energy Ministry. A number of international oll companies are currently in discussions with the Burmese

government and hoping to sign similar agreements. The Burmese socialist government. which was nearly toppled last year, has traditionally been hostile to foreign involvement in the economy.

However, the international oil companies have expressed keen interest in resuming exploration in the country as they expand exploration programmes elsewhere in the region. Vietnam has recently awarded offshore drilling con-cessions to foreign exploration consortia, and a number of companies are hoping to sign exploration accords in Laos. niral Maune L Khin, the Burmese Energy Minister, was reported as say-

approach, he is not seen as an

advocate of reform but more as

the Government has recently established an agriculture investment fund, which will

invest in various provincial

projects and sign contracts, and has plans to introduce

direct taxation of farmers.

Farmers have traditionally not

paid taxes, but have delivered

grain as payment, which has led to various instances of

Beijing is also attempting to increase grain production by experimenting with a kind of

group contract system to replace the individual house-hold system. The current plan

would group together small plots of land to reach econo-mies of scale and allow better

To boost grain production

a knowledgeable technocrat.

ing at the signing. "Today we show to the international community that we mean real business by joining hands with an international investor in a venture across a quarter of a cen-tury into the future." • Petrobras, Brazil's state-

owned oil company, has discov-

ered reserves of oil and gas in the Tubarao field off the coast of the states of Parana and Santa Caterina – well to the south of its main offshore field at Campos, writes Ivo Dawnay In Rio de Janeiro.

Drilling 189km from the coast, the company has hit reserves estimated at between 80m and 100m barrels of oil and gas equivalent. Mr Wagner Freire, director for exploration and production, said that the find appeared on preliminary evaluations to be commercially viable and possibly larger than the Merluza gas field off Sao Paulo state,

new entering production. Testing should be completed by the end of this week, but initial trials were "positive and auspicious," Mr Freire said.

2 C

A ...

#### WORLD COMMODITIES PRICES

1769-71 1740-3

1780-1 1781-2

(Prices supplied by Amalgamated Metal Trading) AM Official Kerb close Open Interest

1784-5

Ring turnover 18,850 tonne

Ring turnover 25,625 tonne

70,683 lots

#### NICKEL prices closed near the day's low on the London Metal Exchange vesterday. Influential merchant selling in morning trading attracted some buying, dealers said. But analysts now believe the market is likely to retest the recent low of \$10,050 a tonne unless significant fresh European offtake emerges. Copper prices eased in a market continuing to lack definite direction. Many major oversess following the annual LME dinner less Drices recovered most of the losser suffered in the morning. Technical factors inspired the rally. Dealers said the prospect of origin selling by the ivory Coast and Ghana continuous overhang the market, although

manufacturer buying interest remained

fairly strong.

LONDON MARKETS

SPOT MARKETS		
Crude of (per barrel FOE)		+ or -
Dubal	\$15.95-6.05q	
Brent Blend	\$18.75-8.85w	+0.05
W.T.I. (1 pm est)	\$20.15-0.20q	+0.05
Oil products (NWE prompt delivery per b		
	<u>_</u>	+ or
Premium Gasoline Gas Oil	\$210-212	-3
Heavy Fuel Oil	\$174-175	-4
Naphtha	\$96-97 \$155-157	-1
Petroleum Argus Estimates		-3
Other		+ or -
Gold (per troy oz)	\$366.25	+0.25
Silver (per troy 52)4	524e	+1
Platerum (per troy oz)	\$491,8	-0.2
Palladium (per troy oz)	\$140.55	+0.05
Aluminium (free market)	\$1770	+20
Copper (US Producer)	7355 <sub>2</sub> -138€	+2
Lead (US Producer)	40.5c	
Nickel (free market)	495c	-5
Tin (Kusta Lumpur market)	22.08	-0.16
Tin (New York)	387.5c	
Zinc (US Prime Western)	80.25c	
Cattle (live weight)†	115,24p	-0.24"
Sheep (dead weight)†	152.590	+8.63
Pigs (live weight)†	105.36p	+3.57
London daily sugar (raw)	5352y	
London daily sugar (white)	\$404.0y	-4.5
Tate and Lyle export price	£334.0	+0.5
Sariey (English feed)	£107w	
Maize (US No. 3 yellow)	E123.75w	
Wheat (US Dark Northern)	£127.5w	
Rubber (spot)♥	56.0 <sub>0</sub>	
Rubber (Nov)♥	59.0p	
Rubber (Dec) 🖤	59.75p	
Rubber (KL RSS No 1 Nov)		-0.5

+3 -0.05 c-sents/ib, r-ringgit/kg, y-Oct/Nov, x-Oct/Dec. Jan/Mar. v-Sep/Oct. w-Oct. q-Nov. z-Jan/ FebifMent Commission average fatatock prices. change from a week ago. TLondon physical market. §CIF Rotterdam. • Buillon close. m-Malaysian cems/kg.

ut oil (Philippines)§ \$4852

Cotton 'A" index

		ion FOX	Enone
_	Close	Previous	High/Low
Dec	726	729	736 704
Mar May	718 729	719 . 728	721 699 731 710
Jul	742	742	746 723
Sep	756	757	758 740
Dec	783	783	785 768 803 790
Mar	810	808	
Tumov	/87: 8573 ( Indicator I	16134) lota reicos (SDS	of 10 tonnes is per tonne). Dai 27) :10 day avers
price 1	or Oct 4	846,53 (846,	27) :10 day averag
for Oc	1 5 878.97	(883.82)	
COHFI	II - Loo		2/tons
	Close	Previous	High/Low
Nov	684 684	720	705 663 705 664
Jan Mar	700	715 732	700 964 720 681
May	715	753	740 701
ابال	732	770	760 722
Sep	755 770	790	780 745 780 785
		7379) Late 4	
ICO in	dicator pr	ices (US c	of 5 tonnes ents per pound) to
Oct 3: 1	Comp. del	ly 64.31 (87	24). 15 day averag
67. <b>9</b> 3 (	<u> </u>		
SUGA	R - Lond	œ, FOX	(\$ per tonne
Raw	Close	Previous	High/Low
Dec	321.00	316.00	318.00
Mer	318.80	311.40	320.00 308.00
May Aug	313,20 306,80	306.00 300.00	313.80 303.00 308.00 297.00
Oct	295.80	230.00	296.40 296.40
White	Close	Previous	High/Low
Dec.	394,50	391.00	390.00 387.00
Mar	394.00	390.00	391.00 386.00
			392,50 386,00
May	394.00	389.00	
May Aug	394.00 395.00 ·	389.00	393.00 386.00
May Aug Oct	394.00 395.00 379.00	389,00 375.00	393.00 386.00 374.00
May Aug Oct	394.00 395.00 379.00	389.00 375.00 2048, (3304	393.00 386.00 374.00
May Aug Oct	394.00 395.00 379.00	389.00 375.00 2048, (3304	393.00 386.00 374.00
May Aug Oci	394.00 395.00 379.00	389.00 375.00 2048, (3304	393.00 386.00 374.00
May Aug Oct Turnov White 1 Paris- 2500, M	394.00 395.00 379.00	389.00 375.00 2948 (3304 Fr per ton Aug 2520, (	393.00 386.00 374.00 )lots of 50 tonner to): Dec 2480, Ma Oct 2405, Dec 2355
May Aug Oct Turnov White 1 Paris- 2500, M	394.00 395.00 379.00 er: Flaw 1365 (812). White (FF fay 2498,	389.00 375.00 2948 (3304 7 per ton Aug 2520, (	393.00 386.00 374.00  lots of 50 tonner te): Dec 2480, Ma Det 2405, Dec 2355
May Aug Oct Turnow White 1 Paris- 2500, M	394.00 395.00 379.00 er: Flaw 1365 (812). White (FF day 2498,	389.00 375.00 2948 (3304 Fr per ton/ Aug 2520, (	393.00 386.00 374.00 liots of 50 tonnes se): Dec 2480, Ma Det 2405, Dec 2355 \$/barrous 18,52 18.38
May Aug Oct Turnov White Paris- 2500, M CRUZI	394.00 395.00 3978.00 er: Flaw 1365 (812). White (Ff key 2498,	389.00 375.00 2948 (3304 Fr per lour Aug 2520, ( FE 9 Previo 18.44 18.14	393.00 386.00 374.00 liots of 50 tonnes se): Dec 2480, Ma Det 2405, Dec 2355 \$/barrous 18,52 18.38
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May Aug	394.00 395.00 er: Flaw 3395.60(12) 1395.6(12) Close 18.20 18.21(6)	389.00 375.00 2948 (3304 F per bon Aug 2520, ( 18.44 18.14 18.14 18.15 18.37 18.37 178.25 178.25 178.25 178.25 178.25 178.50 186.50 162.75	393.00 386.00 374.00 374.00 374.00 374.00 395.00 285.00 386.00 3876.00

markets continues not only to affect those markets but to have repercussions

markets out to early processing stages, highlighting resultant over-capacity in South America and elsewhere, The result is that LIK and European topmakers are finding increasing competition from overseas processors desperate to tind new markets processors desperate to tind new markets

for products from milis geared for trade with China. Order books commus to shorten, and the brightest feature is the call-off for delivery of work on contract, which remains

le in view of the

Cash 3 mon Coppe	1787		45-44-		
_		-9	1768-73	1770	
Сорры			1742-4	1755/1742	
		4 (2 per to			
Cash	1782		1796-8 1790-1	1761.5/176	
3 ment	<del></del>		1/80-1	1785/1778	
	per tonn		474.0	4044400	
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	(\$ per ton			141111	
Cash		0-50	10850-75	10725/108	26
3 mont	hs 1042	5-50	10810-75	10525/104	
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Zinc, S	pecial His	d Grede	(\$ per torine)		
Cash	1665		1675-80	1670/1869	
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LIME CI SPOT:	losing £1 1.8045	in in its	3 months: 1,682	96	8
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POTAT	1025 - I	SFE.		\$/tonne	LOI
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Nov	139.0	139.5	139.0 138.5		Clo
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May		wa i	40 tenci-		Mo
IUMOW	er 220 (20	70) HOUS COI	40 tonnes.		Day
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Apr_ Turnovi	144.00 er 480 (80	ijiots of 2	144.00 143.0 0 tonnes. PE \$10/inde	<u> </u>	Ang Kau New Old Nob
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Apr Turnovi Oct Nov Jan Apr BFI	144.00 er 480 (80 HT FUYU Close 1508 1578 1608 1639	Previous 1825 - 1825 - 1820 - 1820 - 1847 - 1436	144.00 143.00 tonness.  PE \$10/Inde 8 High/Low 1531 1500 1573 1820 1604	<u> </u>	Ang Kra Nev Old Nob Spo 3 m 6 m
Apr Turnova PRESCA Oct Nov Jan Apr BFI	144.00 er 480 (80 er 480 (80 er 480 (80 er 480 (80 er 480	Previou 1825 - B Previou 1825 1530 1620 1647 1436	144.00 143.00 bonness.  PEE \$107Inde  S High/Low  1531 1507 1530 1573 1820 1604 1655 1634	ex point	Ang Kru New Old Nob Spo Spo 3 m 6 m
Apr Turnova PRESENT Oct Nov Jan Apr BFI Turnova	144.00 ar 480 (80 ar 480 ar	Previou 1825 7580 1620 1627 1436	144.00 143.6 0 bonnes. FEE \$107inde 8 High/Low 1531 1507 1590 1573 1820 1604 1655 1634	ex point	Ang Kris New Old Nob Spo 3 m 6 m 12 r
Apr Turnova Oct Nov Jan Apr BFI Turnova ORAMI	144.00 ar 480 (80 ft Furth 1508 f578 f508 f539 f451 ar 385 (38 f508 f508 f508 f508 f508 f508 f508 f50	Previous Pre	144.00 143.6  bonnes.  FEE \$107Inde  \$ High/Low  1531 1507 1550 1573 1820 1604 1655 1634	ax point	Ang Kru New Old Nob Spo 3 m 6 m 12 r
Apr Turnove PRESCI Oct Nov Jan Apr BFI Turnove GRAMI	144.00 or 480 (80 or 480 (80 or 480 (80 or 480 (80 or 480	Previou 1825 7580 1620 1627 1436	144.00 143.6  bonness.  FEE \$107inde  \$ High/Low  1531 1507 1590 1573 1820 1604 1655 1634  9 High/Low  107.90 107.50 112.00 111.5	SX point.	Ang Kra New Old Nob Spot 3 m 6 m 12 r 1650
Apr Turnove Oct Nov Jan Apr BFI Turnove (Fheet Nov Jan Mor	144.00 or 480 (86 or 180 or 18	Previous 107.90 115.05	144.00 143.6  bonness.  FEE \$107inde  \$ High/Low  1531 1507 1590 1573 1820 1604 1655 1634  9 High/Low  107.90 107.50 112.00 111.5	SX point.	Ang Kru New Old Nob Spo 3 m 6 m 12 r
Apr Turnove PRESEN Oct Nov Jan Apr BFI Turnove War May	144.00 ir 480 (80 ir 480 (80 ir 480 (80 ir 480 ir 578 ir 578 ir 586 ir 5	Previou 107.90 112.00 115.36 118.40	144,00 143,0 0 bonness.  PE \$10/Inde 8 High/Low 1531 1507 1590 1573 1620 1604 1655 1534  9 High/Low 107,90 107,5 112,00 111,5 115,20 111,5 115,20 118,0	ex point	Ang Kra New Old Nob Spoc 3 m 6 m 12 r 1650 1750 1650
Apr Turnove FRENES Oct Nov Jan Apr BFI Turnove Wheel Nov Jan Mar May	144.00 ir 480 (80 ir 480 (80 ir 480 (80 ir 480 ir 578 ir 578 ir 586 ir 5	Previous 107.90 115.05	144.00 143.6  bonness.  FEE \$107inde  \$ High/Low  1531 1507 1590 1573 1820 1604 1655 1634  9 High/Low  107.90 107.50 112.00 111.5	Sx point  E/tonne  55 90	Ang Kru New Old Nob Spo 3 m 6 m 12 r TRA Alur 1650 1650 Cop
Apr Turnove Nov Jan Apr BFI Turnove May Jan May Jan	144.00 or 480 (80 or 480 (80 or 480 (80 or 480 ) 1578 1598 1451 or 385 (38 or 480 ) 17.90 172.05 175.35 175.35 175.35 179.90	Previou 1525 - B 1525 - B 1526 - 1520 1520 1527 1436 143 107.90 112.00 115.35 118.40 119.50	144.00 143.6  bonness.  FEE \$10/Inde  8 High/Low 1531 1507 1560 1573 1620 1604 1655 1634  9 High/Low 107.50 107.5 112.00 111.5 115.20 115.1 116.25 118.0 119.55	SX point.	Ang Kru New Old Nob Spc 3 m 6 m 12 r 1650 1750 1850 Cop 2700
Apr Turnove Nov Jan Apr BFI Turnove Wheat Nov Jan May Jan May Jan May Jan May Jan May Jan May Jan May Jan May Jan May Jan May May May May May May May May May May	144.00 or 480 (80 or 480 (80 or 480 (80 or 480 (80 or 480	Previous 119.80 Previous 119.80 Previous 119.80 Previous 119.80 Previous 119.80 Previous 119.80 Previous Previous Previous Previous 119.80 Pre	144.00 143.6  bonness.  FEE \$10/Inde  8 High/Low  1531 1507 1560 1573 1620 1604 1655 1634  9 High/Low 107.90 107.5 112.00 111.5 115.20 115.1 116.25 118.0 119.55	ex point.	Ang Krain New Old Nob Strict 1850 Cap 2700 2800
Apr Turnova Oct Nov Jan Apr BFI Turnova GRAMI Wheat Nov Mary Mary Mary Mary Mary Mary Mary Mary	144.00 ir 480 (86 ir 480 (86 ir 480 (86 ir 480 ir 4	Previous 15.70 Previous 16.70 Previo	144,00 143,00 tonness.  PE \$10/Inde S High/Low 1531 1507 1550 1573 1620 1604 1655 1634  High/Low 107.90 107.5 112.00 111.5 115.20 115.1 118.50 118.0 119.35  High/Low 105.40 105.2	SX point	Ang Kru New Old Nob Spc 3 m 6 m 12 r 1650 1750 1850 Cop 2700
Apr Turnova PREDGI Oct Nov Jan Apr BFI Turnova GRAMI GRAMI Jan May Jun May Jun May Jun May Jun May Jun May Jun Jun May Jun Jun Jun Jun Jun Jun Jun Jun Jun Jun	144.00 ir 480 (80 ft Furtu ft	Previous 107.90 115.85 115.85 115.80 119.80 Previous 107.90 115.85 115.85 119.80 Previous 107.90 119.80 119	144,00 143,0 0 tonness.  PE \$10/Inde 8 High/Low 1531 1507 1550 1573 1620 1604 1655 1634  9 High/Low 107,90 107,5 112,00 111,5 116,50 116,0 119,55  4 High/Low 105,40 105,2 109,80 109,2 112,35 112,2	St point	Ang Krain New Old Nob Strict 1850 Cap 2700 2800
Apr Turnove PRESENT Nov Apr BFI Turnove Wheat Nov Jan Mar May Jun Beartey Nov Jen May Jun Mar	144.00 ir 480 (86 ir 480 (86 ir 480 (86 ir 480 ir 4	Previous 15.70 Previous 16.70 Previo	144,00 143,00 tonness.  PE \$10/Inde S High/Low 1531 1507 1550 1573 1620 1604 1655 1634  High/Low 107.90 107.5 112.00 111.5 115.20 115.1 118.50 118.0 119.35  High/Low 105.40 105.2	SX point	Ang Krish New Old Nob Spor 3 mm 12 r TPA Alur 1650 Cop 25000 25000 25000 Cop
Coct Nov Jan Apr Birl Turnovi  GRAMi Wheel Nov Jen May Jen	144.00 or 480 (86 (86 (86 (86 (86 (86 (86 (86 (86 (86	Previou 105.10 109.35 112.40 114.25 1	144.00 143.0 bonness.  PE \$10/Inde  \$ High/Low  1531 1507 1590 1573 1620 1604 1655 1634  9 High/Low  107.90 107.5 112.00 111.5 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.0 119.55	Entourne	Ang Krai New Old Nob Spo Spo 6 m 12 r TRA Alur 1850 1750 2800 2800 Cop
Apr Turnova PREDGA Oct Nov Jan BFI Turnova GPLASNI Wheat Nov Jan Mar Mar May Jun Her May Jun Turnova T	144.00 or 480 (86 (86 (86 (86 (86 (86 (86 (86 (86 (86	Previous 107.90 112.00 115.30 116.40 119.50 Previous 105.10 100.35 114.25	144.00 143.0 bonness.  PE \$10/Inde  \$ High/Low  1531 1507 1590 1573 1620 1604 1655 1634  9 High/Low  107.90 107.5 112.00 111.5 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.0 119.55	2/tonne	Ang Kru, New Old Nob Spo 3 m 6 m 12 r TPA Alum Strij 1850 Cop 2800 Cof 660
Apr Turnova PREDGA Oct Nov Jan BFI Turnova GPLASNI Wheat Nov Jan Mar Mar May Jun Her May Jun Turnova T	144.00 or 480 (86 (86 (86 (86 (86 (86 (86 (86 (86 (86	Previou 105.10 109.35 112.40 114.25 1	144.00 143.0 bonness.  PE \$10/Inde  \$ High/Low  1531 1507 1590 1573 1620 1604 1655 1634  9 High/Low  107.90 107.5 112.00 111.5 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.0 119.55	2/tonne	Ang Kris New Old Nob Silve Spot 3 m 6 m 12 r 179.4 Alum 1650 1750 Cop 2700 Cop 2700 700 700 700
Apr Turnova FREDGI Oct Nov Jan Apr BFI Turnova GRAMI Wheat Nov Jan May Jen May	144.00 or 480 (80 or 480 (80 or 480 (80 or 480 (80 or 480	Previous 105.10 (259) 112.40 114.25 211 (259) 100 tome	144.00 143.0 bonness.  PE \$10/Inde  \$ High/Low  1531 1507 1590 1573 1620 1604 1655 1634  9 High/Low  107.90 107.5 112.00 111.5 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.2 115.20 115.0 119.55	2/tonne	Ang Kris New Special S
Apr Turnove FREE GRANN Oct Nov Jan Apr SFF Turnove Hen Mar May Jun Mar Mar Mar Mar Mar Mur Mur Mur Mur Mur Mur Mur Mur Mur Mu	144.00 or 480 (80 or 480 (80 or 480 (80 or 480 (80 or 480	Previous 105.10 (259) 112.40 114.25 211 (259) 100 tome	144.00 143.6  bonness.  FEE \$10/Inde  8 High/Low 1531 1507 1590 1573 1620 1604 1655 1634  9 High/Low 107.90 107.5 112.00 111.5 115.20 115.1 116.20 115.2 118.00 108.2 108.40 108.2 108.40 108.2 108.40 108.2 112.35 112.2 114.10  Cash Sattlemen	SX point  E/forme  SS (0)  (0)  (1)  (1)  (2)  (41)	Ang Kray New York No. 12 r 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Apr Turnove FRENCH FREN	144.00 ir 480 (80 ir 480 (80 ir 480 (80 ir 480 ir 588 if 588 if 58	Previous 105.10 to 100.15 (c) Previous 112.40 112.4	144.00 143.6  bonness.  FEE \$10/Inde  8 High/Low  1531 1507 1590 1573 1620 1604 1655 1634  9 High/Low 107.90 107.5 112.00 111.5 115.20 115.1 115.20 115.1 115.20 115.2 118.05 118.0 119.55  a High/Low 105.40 105.2 109.80 109.2 112.35 112.2 114.10  Barley 210 (1.86)  Cash Settlemen	SX point  E/forme  SS (0)  (0)  (1)  (1)  (2)  (41)	Ang Kris, New Old Nob Spor 3 6 m 12 r TPA Alur 1850 Cap 2700 Cap 2800 Cap 2
Apr Turnova Oct Nov Jen Apr BFI Turnova GRABNI Mar Mar May Jen Mar May Jen Turnova Jen Mar May Jen Turnova Jen Tur	144.00 or 480 (80 or 480 (80 or 480 (80 or 480 (80 or 480	Previous 133.0	144.00 143.0 bonness.  PE \$10/Inde  \$ High/Low  1531 1507 1590 1573 1620 1604 1655 1634  9 High/Low  107.90 107.5 112.00 111.5 115.20 111.5 115.20 118.0 119.56  a High/Low  105.40 105.2 109.80 109.2 112.35 112.2 114.10  Barley 210 (1-16.2)  Cash Settlement  High/Low	2/tonne 35 30 00 41).	Ang Krist New Old Nob Special Nob Special Nob Special Nob Special Nob Special Nob
Apr Turnova FREERA Oct Nov Jan BFI Turnova GRAMI Wheat Nov Jen Mar May Jun Dentuy Nov Mor May Jun Turnova	144.00 ir 480 (86 ft Furtu	Previous 10.50 to 10.	144.00 143.6  bonness.  FEE \$10/Inde  8 High/Low  1531 1507 1590 1573 1620 1604 1655 1634  9 High/Low 107.90 107.5 112.00 111.5 115.20 115.1 115.20 115.1 115.20 115.2 118.05 118.0 119.55  a High/Low 105.40 105.2 109.80 109.2 112.35 112.2 114.10  Barley 210 (1.86)  Cash Settlemen	2/tonne 2/tonne 35 30 00 41).	Ang Kray New York No. 12 r 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1

	170011770	11.01.5	1107	<u></u>	70,00	3 KAS	_
			Alin	g turno	yer 1 <u>1,</u>	300 tone	•
	464/480 461/457	484-5 459-61	461-2	_	49 60		_
	401/40/	409-01		<b>-</b>		3 lots	_
	440051454	40000		स्पृ स्था	<b>776</b> 1,	722 topus	•
5 . 0	10725/108 10525/104		19406-	San .	5.934	lots ·	
<del>-</del>	10000	1047700				345 tonne	=
		8390-400	<del></del>	aid m	1010		=
0	8450/8390	8410-20	8450-7	· O	5.616	iots	
rine)		<del></del> -	Rine	a furno	ver 18.	775 tonn	=
	1870/1869	1969-70					_
•	1870/1680	1667-70	1665-8		14,06	7. lots	
-		· ·	Rlin	ng turne	over 3,	SOO tonne	ē
1	1614/1613	1613-4					-
<u> </u>		1800-5	1600-1	0	4,798	lots	_
		·					_
1,58	<u>≈</u> _	6 months:	1.559/		e mont	he: 1.542	3
	£/tonne	LONDON BL		ROCKET			
/Low	- 21410	Gold (fine oz			equiv	alort	-
							-
138.5		Close · ·	366-3661 <sub>2</sub> 366-3661 <sub>2</sub>		28-228 27-227		
_	·	Morning fix	366.05	2	27.332		
dis.		Afternoon fix	386.00	2	27.754		
		Day's high Day's low	386 ½-367 365 ¼-366 ¼				
	2/tonne			•			_
Low		Colos	\$ price	2	edrija	sient	_
0		Mapleleaf	375-380	2	34-237		-
Ü	•	Britannia	375-380		34-237		
10 143.0 10 143.0		US Eagle Angel	375-380 375-380		34-237 34-237		
<u>,</u>		Krugemand	365-368		27-229		
		New Sov.	86-87	5	312-64		
-00-4		Old Sov.	86-67	. 5	3½-54		
_	ex point	Noble Plat	497.70-505.	60 S	10.20-8	15.10	
Low		Sliver fix	p/fine cz		S ets	ouly	-
1507 : 1573	-	Spot	325.10		22.75		•
1604		3 months	337.30		35.05		
1634		6 months	348.90	5	46.55		٠
		12 months	372.75	5	70.85		
		TRADED OF	SONE				• ′
							•
	E/tonne	Aluminium (9	<del></del>	alls .		- E	•
Low		Strike price \$	tonne Nov	Jen	Nov	Jan	
0 107.6		1650	136	117	3 .	22	-
0 111 <i>1</i>	50	1750	57	58	22	<b>60</b>	:
0 115.1 0 116.0		1850	14	_24	78	123	
5	-	Copper (Grad	e A) C	2/IS .	1	rute :	
		2700	192	193	30	96	٠.
Low		2800	125	141	82	141	
0 105.2	Ď.	2900	75	100	110	198	
3 109.2	5	Coffee				Jen	٠.,
5 1122	10		Nov	Jan	Nov.		
<u> </u>		650	47	69	14	37	
210 (1	41).	700 750	21	45	38.	63 96	
		<del></del> -		_28	78		
-1.		Cocoa	Dec	Mer	Dec	Mar	
		650		88		21	•
Law		700	50	58		41 .	
		750	25	36	51	66	
		Brent Crude	Nov	Dec	Nov	Dec	
				Dec			٠.
		1700 1750	149 1 89	85		15	
		1800	89 49	51	1	29	
		_		-			

								<u>:</u> _							
Ħ	S M	ARKI	ETS	-	COL	DE OF (1)		US galls \$	Francisi In	-			vijitance		
_						Latest	Previous			. "Ci	icaç	<b>30</b> :			
		E METAL			: Nov	20.23		<u>`</u>							
		as price			Dec	20.01	20.13 19.96	20.24 20.03	19.96 19.79	SOY	BEARS S	5.000 bu min	; cente/60tb t	unchel	— E
		i levels to exel Burn		f the day,	Jan	19.78	19.73	19.78	19.58		Close	Previou			- 3, -,
		ures raille			Feb Mar	19.53 19.35	19.54 19.37	19.59 19.39	19.42 19.28	Nov	576/4				— a,
tro	m techn	cal buvin	a as ork	es broke	Apr	19.21	19.24	19.26	19.17	Jen -	588/6.	576/2 : 588/0	582/0 583/4	. 576/0 . 588/0	-1-
				the softs,	May	19.10	19.12	19.14	19.02	Mar	600/6	800/2	805/4	. 600/0	3
		inued to i			Jun Jul	18.98 18.90	19.00 18.90	19.04 18.93	18.90 18.82	May Jui	609/4 615/4	610/4	615/4	809/4	~ ~ ~ ~
		tes as pri			Aug	18.80	,18.82	18.72	18.72	Ащо	6120	615/6 613/8.	620/4 - 618/0	615/0 612/0	252
20	jer post	ed strong	gains d	ue to short	HEAT	ING OIL 4	2,000 US g	alla, cents/	US dalls	Sep	597/0	597/0	605/6	597/0	93
COY	ering m t lovel t	nd buy-sto pasis Mar	oh Mass	e the 14	. —	Latest	Previous		_ <u></u> _	Nov	595/4	594/4	599/4	_ 585/0_	_ S- E
				Supported	Nov	5985	5968	5975	5915	BOYA	BEAN O	L 60,000 lbs	cents/lb	<u> </u>	
				featured	. Dec	6000	6000 .	6005	5940	<u>:</u>	Ciosa	Previous	: High/Low	,	
two	esided a	ection with	h mostly	local	Jan Feb	5940 5795	5932 5795	5840 5805	5885	Oct	18.97	19.06	19.12	18.95	
				cal selling	Mar	<i>5</i> 565	5550	5580	5760 6537	Dec Jan	19,37 19,63	19.44 19.68	19.53 19.78	19.36 19.63	~ · · · · · ·
and	l lower o	ash price	s weigh	ed on	May	5215	6170	5215	5215	Mar	20.04	20.10	20.20	20.04	
		s. Profit t rket as w			Jun .	5110	5065	5110	5110	May	20,40 20,75	20.45	20.53	20.40	
		Cotton w			COCC		es;\$/tonne		-3 <u>-</u>	Aug -	-20,80 -	20.75 20.70	20.80 20.85	22.69 20.80	
- qui	et sessi	on. The e	nergy ma	arkets		Close	Previous	High/Low		Sep	20.85	20.70	20.95	20.85	_ \
. Wes	re mixed	as crude	bart Îlo e	ed higher	Dec Mar	1016 1027	1002	1022 -	996	SOYA	BEAN M	EAL 100 tons	; S/ton		
				products	May	1045	1026	1029	1006 1020		Close	Previous	High/Law		_ U
sho	AMED AME	akness, l	ed by ga	soline.	Jul	1066	1048	1068	1045	Oct	192.9	192.8	194.0	192.2	- Allanci
	:	•			Dec Mar	1110 1138	1100 1125	1112 1135	1095 . t 120	Dec	186.8	187.0	186.7	186.t	-41156
							.500lbs; ca			Jan Mar	184.7 182.9	185.5 184.2	187.2 185.8	184.5 182.7	- Change MHigg
M	ew 1	/ork				Close				May	182.0	183.5	184.2	182.0	., 15113.C
	-	VIR					Previous	High/Low		Jul eva	180,3 179,0	182.2	183.6	180.1	1.3
					Dec	73.03 75.65	76.50 79.11	74.90 77.60	73.01	Sep	177.0	181.2 180.0	182,5 181,5	· 179.0	W 12:7
GOL	100 trey	oz.; \$/troy			May	77.85	81.50	79.75	75.58 77.75	MALE	5.000 bc	min: cents	56lb bushel		- " rff
===	Close	Previous	High/Lot	<del></del>	Jul Sap	80.00. 83.00	\$3.70. 85.50	<del>82.25</del> 84.50	00.08		Close	Previous		<del></del>	- '
Oct	367.0	366.9	367.3	368.7	Dec	86.00	86.83	87.00	83.00 86.00	Dec	239/0	240/4			- SSC 0
Nov	369.5	389.4	Ð	a	Mar	99.75	91.23	90.00	88.75	Mar	247/6	248/4	241/4 · · · · · · · · · · · · · · · · · · ·	238/4 248/6	4.25
Dec	371.5	371.A	372.2	371.1	SUGA	R WORLD	<b>"11"</b> 112,0	00 lbs; cent	B/ibs	May Jul	253/4	254/4	255/6	252/4	3
Feb Apr	375.6 379.3	375.5 379.7	376.0 379.4	375.0 379.4		Cicso	, Previous	High/Low		Sap-	258/6 247/0	257/2 ·	259/0 247/4	256/0 245/4	
Jun	383.9	383.8	384.0	383.9	Jan	13.85	13.10	13.23	13.20	Dec	243/0	243/0	244/0	242/0	4
Aug Oct	388.0 892.4	387.9 392.2	0	0	Mar ·	.14.37	13.93	14.42	13.88 ·	Mar	250.0	250/0	250/0	249/0	
Dec	396.8	396.8	ă	ŏ	May - Jul	14.09 13.85	13.70 13.48	14.13 13.93	13.63 13.42	WHEA	T 5,000 b	u min; cent	/80lb-bushel		4,27,20
٠.				•	Mar	13.06	12.75	13.00	13.00	_	Close	Previous	High/Low		
					COTT	₩ 50,000;	cents/lbs			Dec	409/2	409/6	411/0	407/4	
PLAT	NUME 50 t	roy oz. \$/tro	y oz			Close	Previous	High/Low	<del></del> -	Mar May	405/4 338/0	405/4	407/2	403/6	هو الإن يرا منوم
	Close	Previous	High/Low	,	Oct	75.70	75.90	75.72		Jul	357/2	- 386/2 356/6	369/0 357/4	384/4 354/0	
Oct	492.2	491.6	492.5	490.5	Dec	74.70	74.97	74.81	78.40 74.44	Sep	361/4	369/4	361/4	359/4	Ner ·
Nov	493.9	493.5	0	0	Mer	75.56	75.85	75.74	75.35	Dec	370/6	369/0	370/6	369/0	- NOV. 30
. Jee Apr	498.9 602.5	498.6 502.2	500.0 503.0	498.5 502.0	May Jul	76.00 76.15	76.07 76.05	76.15 76.40	75.85	LIVE	ATTLE 4	0,000 lbs; ce	mts/lbs		S. 1. 1. 1.
Jul	506.Ó	505.7	0	0 :	Oet	70.25	70.20	70.25	76.00 70.00		Close	Previous	<del></del>		- No. 4
Oct	509.5	509.2	511.0	511.0	Dec	6725	<b>67.20</b>	67.25	66.85	Oct	71.05	71,35	71.70	70,92	- 1960 E. Ville
					ORAH	SE JUNCE	15,000 lbs;	cents/lbs		Dec	73.72	78.77	74.10	73.55	
		_				Close	Previous	High/Low	<del></del>	Feb Apr	74.15	74,27	74.52	74.07	
<b>SITAE</b>	R 5,000 tr	dy az; ceat	VITOY DZ.		New	138.70	136.60	138.90	128.60	gin Apr	74.67 71.95	74.67 72.00	74.96 72.70	74.57 71.90	- Ne 50 %
	Çlose	Previous	High/Low	,	Jan .	133,10	132.25	134,50	136.60 132.05	Aug	70.25		70.55	70.25	
Oct	524.8	521.7	525.0	523.0	Mer .	132,60	131.50	183.75	131.90	LIVE H	QQS 30.0	000 lb; cents			
Nov	628.9	526.1	0	O·	May,	132.35 ' 132.35	131.50	133,10	131.65						- 55
Dec	532.8 535.8	530.0 533.0	535.0	530.G	Jol Sep	132.35	131.50 131.50	0	0		Close		HIJIVLOW	خين	
Jan Mar	535 <i>-0</i> 544.8	533.U 542.0	0 547.0	0 543.0	Nov.	132.35	131.50	o .	. 0	Dec.	44.77 44.72	45.10	45.00	44.62	
May	<b>552.9</b>	550.Q	553.5	551.0	Mar	132.35	131.60	0	0	Feb	45.22	45.25 45.85	45.20 45.80	44.55 45.20	and the second
Jul Sec	561,2 680 G	558.3 665.7	581.0	558.5	٠.				•	Apr	43.22	43.82	43,82	43.15	1. 1. 1. 1.
Sep Dec	569.6 581.6	\$65.7 578.7	0	0					·	Jun Jul	47.90	48.17	48.05 -	47,60	12.
Jan	585.6	582.7	ŏ	0	1MD8	CES	-			Aug	48.12 46.95	48,45 z 47,05	48.35	47,85 46,80	1.0
				-			a: Septemb	per 18 1931	= 100	Oct	43.20	43.45	47.00 43.35	43.20	, l.
						Oct 8	Oct 2			PORK	BELLES	40,000 lbs; o			See Anna
	ED 95 0/-	lbs; Cents/			1			mnth ago			Close	Previous			
					1	1876.5		1914.9	1857.6	Feb			High/Low		
	Chose	Previous	High/Low	·	DOW	JONES (E	lese: Dec.	81 18 <u>7</u> 4 = 1	(00)	Mar.	49.17 47.02	48.50 48.30	48,75	48.05 47.87	Same of the same
Oct	131.35	. 129.55	131.00	129,90		. 190.75	130.53	129.45	181.60	May	48,15	48.62	-48,75	48.05	6.7
Nov Dec	129.35 127.80	127.45 125.25	Q 126.20	0 124.60	Futur	0s 131.48	131.95	130.52	135.00	Jul Aug _	47.72 46.00	48.20	45.30	47.72	1
											46.82	· 46.70	49,50	46.82	

49.18 (3/1/75)

50.53

88.4 N/A

83.75 (14/6)

95.09

1447.8

154.7 (17/2)

1782.8 (3/1)

FT-SE 100 31/12/83. 4 MI 11.52

S.E. ACTIVITY

Gilt Edged Bargains

Equity Bargeins Equity Valve

Basis 100 Govt. Secs 15/1 Ordinary 1/7/35, Gold mir

(8/2)

97.59

2008.6 (5/9)

215,2

(5/9) :

98,70

22.819

Day's Low 1890,2

Day's Low 2312.1

127.4 (9/1/35)

105.4

2008.6

2443.4

SE Activity 1974, fExcluding intra-market business & O'seas turnover. London repoi and latest Share index: Tel. 0898 123001.

(28/11/47) (3/1/75)

734.7 43.5 (16/2/83) (26/10/71)

#### **LONDON STOCK EXCHANGE**

# German rate fears dominate equities

was largely on hold in London yesterday as equity strateglets watched the performance of sterling and the German money markets and held their breath ahead of this morning's credit policy meeting at the

Share prices, firm at first on Wall Street's overnight gain, a development would automati-

Account Dealing	Dates
Tirst Dealings: Sep. 18 Oct 2	Oct 15
Option Dictorations: Sup 28 Oct 12	Oct 26
Last Declings: Sep. 29. Oct. 15	Oct. 27
Account Copy Cot 9 Oct 23	Nov 6
"Hope time dealings may lake to the lake the lak	pince from

authorities appeared to hint at in IIK base rates to 15 per cent.

higher domestic interest rates.

Some analysis later cent. higher domestic interest rates. Some analysts, pointing to By the close of trading, the UK. the Bank of England's aggreshaps a full point; but views now in full swing, upward were divided on whether such pressures on UK rates will be

resisted by the authorities as long as possible. Mr Peter Warburton at Flemings commented that currency intervention showed a net fall of only 6.5. The equity market appears to have been oversold during last week's shakeout, and might not be enough, and that a strongly-worded policy statement from the authorities might be useful.

Meanwhile, the stock market grew increasingly apprehen-sive as sterling slid towards the DM 3.00 level yesterday afternoon. In early dealings, when the pound was steady, the equity market moved up by 12.5 Footsie points. And even when this early confidence began to fade, there was little selling pressure in the equity market, and the final reading on the FT-SE Index, at 2,312.3,

Life Insurance

102

100 2

FT-Actuaries Index relative to the FT-Actuaries Alf-Share Index

builder continued to buy the newly-requoted stock of the defence electronics group. Eurotunnel units were again depressed by the need for further financing. Interest rate fears lay across

**Gold Mines** 

Ord. Div. Yleld

Earning Yid %(full) P/E Ratio(Net)(☆)

SEAQ Bargains(Spm)

cates how strongly share prices can recover in the short term if the retail sectors, and the international blue chips were the worst fears on interest rates are not realised. Mr Robin Aspinall, chartist at Hoare Govett, believes that a also inclined to wait for today's developments in German credit recovery to the Footsie 2,365 area is possible in the near term, before the market contin-Among the exceptions, how-

ever, was BAT Industries which moved higher as leading UK securities houses recon mended clients to buy the shares pending further news on plans to demerge some operations, or from the acquisitive Hoylake camp.

included 115m shares in Ferranti; turnover in Ferranti was substantially lower yesterday, although the mystery stakewhat each is prepared to pay for the company. It seems that each of the companies is determined that if it does not acquire the company, then it will make sure the deal is unacceptably high for the

> GKN suffered another fall dropping 5 to close at 429p, while Lucas, which has experienced a steady rise over the past two weeks, also fell, clos-ing the day at 669p, down 10. Nomura believes that the company has good long term pros-

"I believe Lucas will be one of the key beneficiaries of Japanese car manufacturers increasing their activities in the UK", Mr John Lawson, analyst at Nomura said yester-day. He believes the company will soon be making an the run up to the November 25 OPEC meeting but believes that "any weakness in share prices should be used as a buying opportunity in stocks geared towards the long term announcement involving a deal with a Japanese manufacturer perhaps a joint venture.

The prospect of strike action at heavy engineering firms in pursuit of a 35 hour working week depressed a number of shares in the engineering sector. British Aerospace closed at 620p, a drop on the day of 5, while Rolls-Royce closed down 2, at 184p.
Continued fears of financial

difficulties at Eurotunnel, the British company contracted to build the UK part of the Channel Tunnel, sent shares plummetting even further. The shares closed at 560p, a fall of

DBS Phillips & Drew down graded profit expectations for this year from £104m to £100m, and for 1990 from £116 to £105. Among publishing stocks, Pearson added 12 to 738p in modest trade.

Amstrad, the electronics group scheduled to report full-

Frankling to the state of the state of

year results on October 17, continued their dismal performance, with the shares slippossiblity of a takeover. However, the sharp fall in ning back 31/4 more to a year's footwear sales, which forms a low point of 62%p. BZW and

year's £160.4m. The stores sector continued to trade nervously on fears of the likely effect on retail trading of any further increase in

Citicorp Scrimgeour Vickers

domestic interest. Sears rose 1% to 117%p on relief that half-time results were not as bad as some traders had feared. Profits fell 11 per cent to £80.5m, once property transactions were stripped out, which was at the the lower end of analysts' expectations. But the shares were pushed higher as the market

focused on the company's

strong management, healthy

FINANCIAL TIMES STOCK INDICES

10.40

11.59

23,332

758.18 22,601

95.58

212.0

10.34

27,740

998.67 27,672

2 p.m. 2317.4

TRADING VOLUME IN MAJOR STOCKS

208.9

10.30 11.70

25,348

882.62 25,098

10.38 11.63

25,109

Ordinary Share Index, Hourly changes

10 a.m. 11 a.m. 1897.0 1891.2

Open 10 a.m. 11 a.m. 12 p.m. 2327.1 2319.4 2312.3 2314.0

211.9

10.42 11.57

22,633

635.75 23,688

Day's High 1908.9

large part of Sears' business, unsettled the market. Mr Nick are forecasting pre-tax profits of £85m, compared with last Hawkins of Kleinwort Benson said that as a result of the interim results he had lowered his full-year profit estimate to £220m from £245m. "There is just very little growth in the market at the moment. The threat of higher interest rates

are putting people off from going to the stores," he said. The release of Next results today also kept the sector quiet. Analysts said that in the light of recent bearish reports, Next profits could be set to fall by a third to around £20m. Next shares edged 1 higher to 125p and traded 1.2m.

Etam, the clothing chain. jumped 14 to 203p on a stock shortage and expectations that it will defy the rest of the sector when it reports half-time results today. Analysts forecast profits stripped of property transactions will have risen to £6.1m, against £5.7m last year. Mr John Chataway of Kitcat & Aitken said profits would con-tinue to be boosted by Etam's planned doubling of selling space by the end of this year. "The results will show in no

uncertain terms that Etam continues to buck the trend," Other market statistics. including FT-Actuaries

Share Index and London

Traded Options, Page 26

RAIFFEISEN ZENTRALBANK

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Tuesday's sharp upswing indi-

ues its "correction phase". Seaq volume fell to 472.1m

from Tuesday's 555.7m which

1990 earnings and spectacular 1989 growth is fully discounted.

BZW's oil team sees a risk

that crude prices will soften in

prospects for oil prices and the

Further speculation that General Motors (GM), the

world's largest car manufac-

turer, was to hold a board

meeting at any moment at which it would decide on a full

bid for Jaguar, sent shares in

close at 633p, a gain on the day

were also exchanged in the

that Jaguar was about to agree to GM taking a 30 per cent stake in the company but was

caught off guard by the news two weeks ago that Ford Motor

Many analysts now believe

options market.

the company racing ahead. Over 6m shares were traded as the share priced soared to

strengthening dollar."

Oct

**Further** 

action in

Ferranti

being accumulated.

owner of 512,000 shares.

Elf Aquitaine, the French oil company. Dealers drew the

conclusion that this could

another company into making a full bid, leaving it in a strong position to acquire part of Dal-gety in the event of a break-up. Mr Carl Short of Kitcat &

Aitken said Elf would be inter-

Dalgety alert

built the stake, while other

names such as STC and several

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红龙 - 長.

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21.00

To SE

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The search to unmask the

buyer of large lines of Ferranti

shares continued yesterday as. the share price of the belea-guered defence electronics

group moved up again in another session of heavy trad-

equity market was bracing sive defence of sterling yesterfiself for a rise today in Ger day, maintained that with the man rates of one half or per UK political conference season

might hope to buy its Austra-lian interests. "Holmes à Court is spreading his risk by this deal. His shares are worth

dealer. The Midland/Hong Kong & Shanghai stories were behind the 3 rise in Midland shares, which closed at 368p. Standard Chartered spiralled

At the close Ferranti were the bigher at 50%p with 38m shares reported on the Saaq system as having changed hands. Ferranti shares were early in the session before slid-ing back to close a net 4 higher re-quoted at 48p on Tuesday when a massive 115m shares moved through the Stock at 535p as the market picked up the scent of a deal between Standard and West Deutsche Exchange's trading system, triggering rumours throughout the City of London that a sub-Standard share price from its early enhanced level was said by dealers to have reflected the fact that a full bid for Standard stantial stake in Ferranti was British Aerospace was said to be the favourite to have

is much less likely.

Merchant banks were marginally easier but one trader plenty of hig buyers in the ing in recent days convinced market yesterday and the consensus was that possibly two bank could be imminent big share stakes were being Kleinwort Benson, which is in the process of buying back accumulated that STC were large numbers of its own

shares, held at 374p.
Life assurers, the scene of buyers of Ferranti lay behind a sharp decline in STC shares, which ran back to close a net 13 off at 3290 on big turnover of 7.1m. Specialists also pointed to the recent profits ident for Pearl Group, ran into downgrading of STC by Cazen- a bout of profit-taking; County eve and talk that other down- NatWest WoodMac says that grades were imminent. It was grades were imminent it was although hid hopes in the secalso pointed out that the sale, for are unlikely to die quickly announced vesterday, of a we believe this presents an 500,000 shares at 339p aniece by opportunity to lighten holdings for Arthur Walsh, STC's chief in Britannic, London and Manexecutive precluded the combinester and Refuge. In Britanpany from undestabling any nicks case County says the major corporate deals in the state-holding structure mates near inture. After the transact a hostile hid very malikely, then, he remains a beneficial while for L. & M. and Refuge Dalgety advanced strongly on the announcement that Mr Robert Holmes & Court had put most of his 5.8 per cent stake in Datgety into Como Interna-tional, an investment vehicle set up with Societe Nationale

conclusion that this could bring a takeover bid closer and marked Dalgety higher. The shares closed up 12 at 435µ.

However, it seems unlikely that a bid for Dalgety would come from Como, dealers said. Instead, Como may be hoping that their interest will spur mother company into making

ested in acquiring Dalgety's food ingredients business, while Mr Holmes à Court

Barclays were the most active stock in a generally quietly traded banks sector with the shares 5 off at 517p on 2.lm - "profit-taking" said one

upwards to touch 545p bid Landesbank. The retreat by the

pointed out the lack of selling

some heavy buying interest triggered by Monday's £1.1bn hid by Australian Mutual Provalthough bid hopes in the sectheir shares are in line with our estimates of the present mutualisation price even in the event of a hid the upside in limited." Britannic fell 5 to 521p. Refuge 7 to 602p and L &

M 3 to 222p.
On Pearl County says "We believe a reasonable price for Pearl is 27." Pearl shares were their recent re-rating with Wil-lis Faber, sustained by the

about 245m and he is hoping this will get someone else to bid for Dalgety," he said.

a shade easier at 643p. Insurance brokers continued

market hints that a sale of the

MEW 18048 (88. 17) AMERICANO STRUCTURE STRUCTURE (17) AMERICANO CAMADIANAS (17) ENGLÍS (28) ENGLÍS (28) ENGLÍS (17) ALBERTANAS (17) CONDUCTOR (18) ANDERSON SOCIODAS (18) ANDERSON SOCIEDAS (18) ANDERSON SOCIODAS (18) ANDERSON SOCIEDAS (18) ANDERSON SOCI

gan Grenfell is imminent, edged up 2 to 253p on 1.7m.
The oil sector proved disappointingly quiet. Shell were again boosted by what dealers identified as US buying with the stock closing 5 ahead at 435p on 8.6m shares. But other top oils suffered from a general lack of interest. BP were a penny cheaper at 306p on 4.9m while British Gas eased 1½ to 210%p on 5.4m. Enterprise lost 6 of the previous day's sharp gain, closing at 593p in thin trading. A single large trade in

Burmah, in excess of 620,000 shares, failed to trigger any substantial follow-through business, and Burmah shares settled 3 off at 622p. Premier were a fraction off at 108 up despite an upgrading ton. Shearson's oil team recom-mends clients to "buy the stock in the run up to its exceptionally exciting drilling programme towards the end of the year in Thailand, Papua

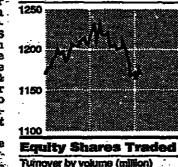
New Guinea and Pakistan.' Shearson adds that most interest will focus on Premier's acreage in the Gulf of Thailand where it has 55 per cent. One new discovery there would confirm that the oil in Premier's first well was not an-isolated field and it would raise the probability that Premier major new oil province. Shearson rates the chances in the 4-6 well programme beginning in December as "excellent. The drilling story was also the theme adopted by the Kitcat & Aitken oil team - Premier offers exceptional leverage to any discoveries with the poten-tial to double current net asset

value," says Kitcat.
But Shearson is less positive
on the oil sector overall, movmg their positive recommendation to one of neutral - "attennear-21 per cent stake in Mortion is shifting to stagnating

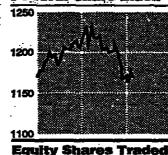
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intended to acquire a stake in An analyst said: "What is interesting is that neither Ford nor General Motors have said FT-A All-Share Index

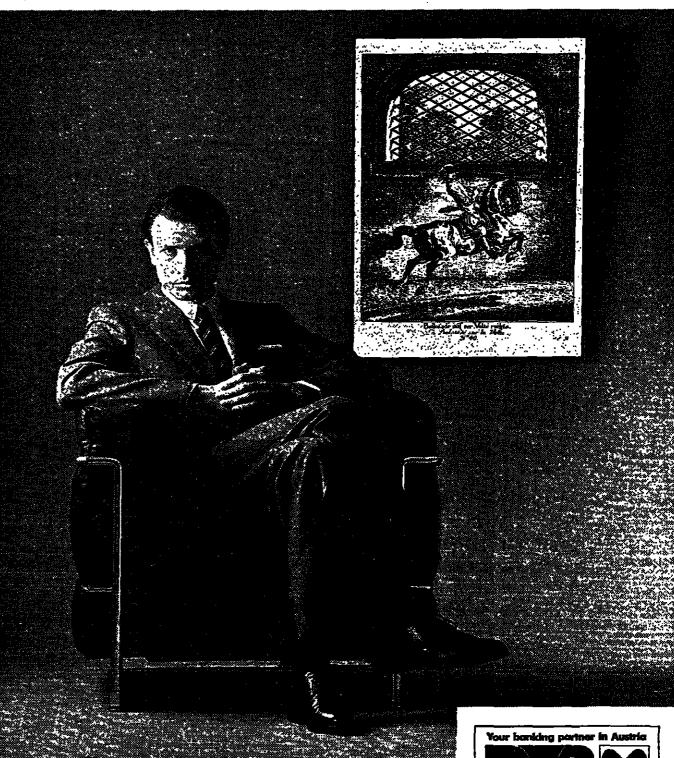


Turnover by volume (million) 200



O

# The yield is Austria.



#### **APPOINTMENTS**

**NEW HIGHS AND LOWS FOR 1989** 

### Changes at Higgs and Hill

■ HIGGS AND HILL has made the following board changes. Sir Brian Hill steps down as chief executive, but remains executive chairman.

Mr D.L. Ridout, joint managing director, gives up his executive duties but remain a non-executive director. Mr J.A. Theakston succeeds Mr Ridout as joint managing director. Mr. Theakston is responsible for UK property, European property, homes and finance.

Mr C.R.H. Archer has been appointed finance director and will join the company in December from British Home Stores and Storehouse, where be is group financial

Mr S. Schneider will become personnel director in December. He is currently director of personnel and administration at Humphreys and Clasgow.

Mr Bryan Castledine has been appointed managing director of ERITH. He replaces Mr Graham Davies who remains executive chairman. Mr Anthony McManus becomes company secretary on October 7 in succession to Mr Michael Wright who is rething on that date.



Mr Adrian Day (above) has been made managing director of RACAL RECORDERS. He moves to Recal Recorders from the Racal Marine Electronics Group, where he managed the group's US and Canadian

■ SCANTRONIC HOLDINGS has appointed Mr Richard Swan as a non-executive director. He is a senior partner of law firm Heald Nickinson.

■ Mr Stephen Hartley has been appointed to the main board of MOSS BROS GROUP.

MANAGEMENT SERVICES
bas made Mr David Foreman managing director of its subsidiary, The Product Register. He was previously senior commercial adviser with the US Foreign & Commercial Service at the Amercian Embassy in London.

■ IBSTOCK JOHNSEN has made a change in the management structure of Ibstock Building Products following the decision by Mr Graham Walker, managing director of the UK subsidiary, to take early retirement. Mr John Milham, operations director, south, becomes managing director of IBP and Mr Martyn Clamp, operations director, north, is made operations director with responsibility for all the brick factories and sales regions in the UK. Mr Walker will be retiring from the board of

Ibstock Johnsen and IBP on

December 31.

FIRST NATIONAL FINANCE CORPORATION has appointed Mr Colin Stokes as group chief surveyor and as a property development director of First National Developments in succession to Mr Peter Otway, who will be retiring shortly. Mr Stokes joins from John Mowlem Homes where he was a

OFFICE CO, the furniture systems company, has elected its head designer, Mr John Pogarty, to the board.

■ Mr John P. Davis has been appointed deputy chairman of AEROSPACE ENGINEERING in addition to his role as chief executive. Mr Graham Holgate has hecome managing director. He was formerly managing director of C.M.L. Precision Machining and C.M.L.

Fabrications, both members of the Aerospace Engineering

At APOLLO WATCH PRODUCTS Mr Anthony
Thomas is appointed financial
director (designate) and
company secretary. He was a senior manager in the corporate finance department of Deloitte Haskins and Sells in Cardiff.

Mr John C. Marvin has been made a non-executive of WHITECROFT. He is deputy chairman of Hickson International.

■ F & C EUROTRUST has appointed Mr T.G. Abell as a director.

 Mr David Burton, an executive director of S.G. Warburg & Co and chairman of LIFFE, has been appointed non-executive chairman of MARSHALLS FINANCE, the holding company of M.W. Marshall & Co. Mr C.J.K. Nelson has been made chief executive of M.W. Marshall

■ Mr James Beckett has been appointed divisional managing director of FKI's distribution products division.

Mr James Rossi is to become marine underwriter at ORION INSURANCE on January 1 in succession to Mr David Lower who retires on December 31. Mr Rossi, deputy marine underwriter, has assumed responsibility for day-to-day marine underwriting.

Austria offers you stability and a free capital market. In addition, the hard Austrian Schilling and attractive yields contribute towards the success of investments in Austria. We are your partner: RZB-AUSTRIA, the central institution of Austria's biggest private banking group is one of the leading Austrian securities banks. As market maker for Schilling-bonds, as portfolio manager investing in international securities and as leading issuing house we are at your service.

GZB-VIENNA'S NEW COMPANY NAME: RAIFFEISEN ZENTRALBANK ÖSTERREICH AG

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

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### **CURRENCIES, MONEY AND CAPITAL MARKETS**

#### **FOREIGN EXCHANGES**

### Strong D-Mark hits sterling

DEMAND FOR the D-Mark have bought sterling for dolincreased ahead of today's lars in Tokyo. West German Bundesbank council meeting. Expectations of a rise in German interest rates pushed the D-Mark higher, putting particular pressure on sterling, with the dollar and yen also losing ground.

The pound required sus-tained support from the Bank of England and it closed well below a strong technical sup-port point of DM3.0225. Attention is focused on sterling's value against the D-Mark, with the market paying little attention to the fact that the UK currency is holding up against

the dollar. The decline of the dollar since the middle of September, and particularly since the Group of Seven meeting towards the end of that month has allowed the pound to gain about 6 cents, but over the same period sterling has lost about the same number of

pfennigs. Bank of England intervention was seen in London and earlier in the Far East. It was described by dealers as being aggressive, involving sales of dollars and Ecus, but in a market looking to buy D-Marks this support proved only par-tially successful. The Bank of Japan was also reported to

1	E	IN	NEW	YORK

Gcz.4	Letest	Prerioes Close				
£ Spot	1.6030 - 1.6040 0.68-0.67pm 2.03-2.00pm 7.38-7.28pm	1,6040 - 1,6050 0,74-0,72pm 2,13-2,10pm 7,55-7,45pm				
Forward premis	Forward premiums and discounts apply to the US dollar					
STERLING INDEX						
	Oct	A Previous				
8 30 Am	91	2 91.4				

CURRENCY RATES								
Oct.4	Bank rate %	Special** Drawing Rights	European † Currency Unit					
Stertlon II	95 500 600 135	1.26670 1.27512 1.49980 16.8494 50.3099 93.22942 2.39404 2.70517 8.12889 1750.51 178.517 8.83786 152.007 8.22325 207255 213.941 0.89784	1.46058 1.09819 1.29983 14.5038 43.3126 8.03436 2.36294 6.99328 1508.26 154.900 7.61705 131.003 7.07225 181.257 0.774082					

CURRENCY MOVEMENTS							
Oct.4	Bank of England Index	Horgan <sup>44</sup> Guaranty Clumps %					
Sertlag U.S Doflar U.S Doflar Canadian Doflar Asstrian Schiffing Belgian Franc Danish Kroce Denissie Mark Swiss Franc Gullfor Freach Franc Lira	90.9 69.9 104.8 107.2 106.3 104.1 114.1 107.7 111.0 100.2 98.6	-20.0 -81 +1.4 +10.1 -5.9 +21.3 +16.5 +16.5 -18.9 -18.5					

#### OTHER CURRENCIES

<b></b>		
Oct.4	£	\$
Argentina	1042.25 - 1050.95	650.00 - 655.00
Australia	20660-20685	1.2870 - 1.2880
Brazii	6.3305-6.3635	3.9480 - 3.9680
Finland	6,8625-6,8750	4.2710-4.273g
Greece	267.75-268.25	163.75-166.35
itong Kong	12-5190 - 12-5320	7.8010 - 7.8030
مورا	776'80°	71.20
Korez(Sth)	1066,55 - 1083,75	667.70-672.90
Kuwait	0.47750-0.47930	0.29620 - 0.29720
Lorenbourg	63.35-63.45	39.45-39.55
Malaysia	4.3175 - 4.3285	2.6920 - 2.6940
Mexico	4 <u>152.75</u> -4170.10	2589,00 - 2599.00
M. Zealand		1,7240 - 1,7270
Sandi Ar	6.0450-6.0495	3.7500 - 3.7510
Stagapore	3.1500-3.1555	1.9660 - 1.9680
S. Af (Cm)		2.6830 - 2.6860
S. Af (Fa)	6.1995 - 6.7305	3.8685 - 3.9445
Tahwan	_40.95 - 41.05	25.50 · 25.55
HAE	5 010E_E 077E	14730 1471A

#### DM3.0275, leading fears that a test of DM3.00 is likely, and that at this level the UK authorities will be reluctantly forced by raise base rates. The rate against the D-Mark

At the London close sterling had fallen to DM3.0125 from

was not the only strong sup-port point to be broken yesterday. The pound also fell through support at 91.1 on its exchange rate index, as calcu-lated by the Bank of England. The index declined to 90.9 from 91.2, with the next support

level seen at 90.1. In terms of other major currencies sterling also lost ground, but the larger move-ments were confined to units tied to the D-Mark through the European Monetary System, with the rate against the French franc falling to FFr10.2200 from FFr10.2750. The situation was very ner-vous, but sterling lost only 10

points to \$1.6045, while falling to Y226.25 from Y226.75 and to SFr2.6100 from SFr2.6250. The threat of higher German rates also weakened the yen

against the D-Mark. The German currency rose to Y75.13 from Y74.87. Apart from some support for the pound Bank of Japan, intervention appeared to be confined to buying the yen against the dollar. The Bank of Japan is unlikely to be forced into an

early discount rate rise. Short term rates fell in Tokyo yesterday, but longer rates were firm.
The dollar traded relatively quietly, with attention turned

towards cross rates against the D-Mark. The US currency had a slightly softer tone, falling to DM1.8775 from DM1.8860; to Y141.05 from Y141.20; to SFr1.6270 from SFr1.6350; and to FFr6.3700 from FFr6.4000. On Bank of England figures the dollar's index was unchanged at 69.9.

_,					
EM\$	EUROPE	AN CUR	RENCY I	JNIT RA	TES
	Ecu cestral rates	Correscy amounts against Eco Oct.4	% change from contral rate	% change adjusted for divergence	Divergence Limit %
Nan Franc sh Krone nan D-Mark ch Fosher de Gesider Post an Lina ship Peseta	42.4582 7.85212 2.05853 6.91403 2.31943 0.768411 1483.58 133.804	43.3126 8.03436 2.06108 6.9928 2.32794 0.774082 1508.26 131.003	+2 12 +1 12 +1 23 +1 23 +1 24 +1 26 +1 26 +1 26	+1.15 +1.46 -0.74 +0.43 -0.49 -0.12 +1.37 -1.94	±15824 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815

POUND SPOT- FORWARD AGAINST THE POUND

Changes are for Eco, therefore positive change denotes a week currency Adjustment calculated by Fluorical Times.

0ct.4	Ony's spread	Close	Coe worth	% pa	Three months	12 %
US	1.6005 - 1.6140	16040 - 16050	0.75-0.72000	5.50	2.21-2.18nm	5.47
Canada	18825 - 18965	L8845-L8855	0.40-0.31cm	226	L19-L07mm	240
Netherlands.	3.39% - 3.42	3.394 - 3.404	2-14 cpm	6.83	55,-53,00	6.47
Belgium	63.15-63.75	63.35 - 63.45	≀ 38-29cmal	634	87-76am	5.14
Derinark ,,	11.721, -11,781	11.72% - 11.73%	41 <sub>2</sub> -41 <sub>8</sub> crepm	4.41	125-117,00	4.18
ireland	11295 - 11365	11320-11330	0.40-0.35ppm	3.97	115-105pm	3.89
W. Germany	3.01 - 3.03	3.01 - 3.01 1/2	14-15-ptpm 31-13cm	6.72 1.03	51,-47 mm	6.64
Portagal	254,85 - 257,05 190,90 - 192,45	255.00 - 256.00 190.90 - 191.20	8-1008	122 122 123	28-13om	-1.09 0.43
Scain Italy	21984 - 2216	2204 - 2205	5-44ress	246	13-1100	218
Norway	1112-1117%	11.144 - 11.154	312-21-orepo	336	84-8400	3.09
France	10.20% - 10.28%	10215 - 10225	44-4cpm	4.77	12 12 12 1	4.82
Sweden	10.33 - 10.38%	10.335 - 10.345	24-2mm	239	7-2-7pm	2.78
<b>Јарая</b>	2254 - 2274	2254 - 2264 T	14-15-year	8.95	54-4400	8.64
Austria	21.19 - 21.29	21.19-21.22	104-94 groom	5.45	314-27500	5.61
Switzerland .	2602-2624	2605-2615	I 1-2-Ա-գահո I	6.61	42.4500	6.80
ECV	14630 - 14780	14630-14640	0.54-0.51cpm	4.30	1.56-1.52pm	4.20
				_		
DOLL	AR SPOT-	FORWAR	D AGAIN	ist '	THE DOL	LAR
	AR SPOT-			IST '	THE DOL	LAR %
DOLL 0st.4		FORWAR	Oze morth	% p2		_
0ct_4	Day's spread 1.6005 - 1.6140	Close 1,6040 - 1,6050	One month 0.75-0.72cpm	% pa 550	Three mostls 2.21-2.18pp	% 92 5.47
Oct.4  UK†	Day's spread 1405-14140 14145-14215	Gese 1.6040 - 1.6050 1.4185 - 1.4195	One month  0.75-0.72cpm 0.09-0.05cpm	% p.a. 5.50 0.59	Three mostls 2.21-2.18pm 0.52-0.42pm	% pa 5.47 133
Oct.4 UK†	Day's spread 1.6005 - 1.6140 1.4145 - 1.4215 1.1735 - 1.1765	Gese 1.6040 - 1.6050 1.4185 - 1.4195 1.1745 - 1.1755	One month  0.75-0.72:pm 0.09-0.05:pm 0.30-0.33:dfs	% pa 550 0.59 -3.22	Three mostly 2.21-2.18pm 0.52-0.42pm 0.89-0.94ds	% pa 547 133 -312
Oct.4  UK†	Cay's spread 1.6005 - 1.6140 1.4145 - 1.4215 1.1735 - 1.1765 2.1150 - 2.1260	Clase 1.6040 - 1.6050 1.4185 - 1.4195 1.1745 - 1.1755 2.1200 - 2.1210	One month  0.75-0.72cpm 0.09-0.05cpm 0.30-0.33cdfs 0.24-0.22ccm	% p.a. 5.50 0.59 -3.22 1.30	Three months 2.21-2.18pm 0.52-0.42pm 0.89-0.94dis 0.62-0.59pm	% pa 5.47 133
Oct.4  UK†	0ay's spread 1.6005 - 1.6140 1.4145 - 1.4215 1.1725 - 1.1765 2.1150 - 2.1260 39.35 - 39.70	Gess 1.6040 - 1.6050 1.4185 - 1.4195 1.1745 - 1.1755 2.1200 - 2.1210 39.45 - 39.55	0.75-0.72:pm 0.09-0.05:psu 0.30-0.33:dis 0.24-0.22:psu 0.80:ps-0.30:dis	5.50 0.59 3.22 1.30 0.08	Three mostls 2.21-2.18pm 0.52-0.42pm 0.89-0.94ds 0.62-0.59pm 1.50pm-1.50ds	% pa 5.47 1.33 -3.12 1.14
Oct.4  UK†	0ay's spread 1.6005 - 1.6140 1.4145 - 1.4215 1.1725 - 1.1765 2.1150 - 2.1260 39.35 - 39.70 7.234, -7.334	Case 1.6040 - 1.6050 1.4185 - 1.4195 1.1745 - 1.1755 2.1200 - 2.1210 99.45 - 39.25 7,301, - 7,311,	0.75-0.72cpm 0.09-0.05cpm 0.30-0.33cps 0.24-0.22cpm 1.80pm-0.30cls 0.45-0.70credis	550 0.59 3.22 1.30 0.08 -0.94	Three mostls  2.21-2.18pm 0.52-0.42pm 0.89-0.94ds 0.62-0.59pm 1.50pm-1.50ds 1.98-2.33ds	92 547 133 -312 114 -118
Oct.4  UK†	Day's spread 1.6005 - 1.6140 1.4145 - 1.4215 1.1725 - 1.1745 2.1150 - 2.1260 39.35 - 39.70 7.291, - 7.3330 1.8720 - 1.8830	Cess 1,6040 - 1,6050 1,4185 - 1,4195 1,1745 - 1,1755 2,1200 - 2,1210 39,45 - 39,55 7,301 - 7,311, 1,8770 - 1,8780	0.75-0.72cpm 0.09-0.05cpm 0.30-0.33cds 0.24-0.22cpm 180pm-0.30cds 0.45-0.70credis 0.21-0.19efpm	550 559 559 532 130 608 694 128	Three mostls  2.21-2.18pm 0.52-0.42pm 0.89-0.94ds 0.62-0.59pm 1.50pm-1.50ds 1.98-2.33ds 0.57-0.54pm	92 5.47 1.33 -3.12 1.14 -1.18
Oct.4  UK†	0ay's spread 1.6005 - 1.6140 1.4145 - 1.4215 1.1725 - 1.1765 2.1150 - 2.1260 39.35 - 39.70 7.234, -7.334	Case 1.6040 - 1.6050 1.4185 - 1.4195 1.1745 - 1.1755 2.1200 - 2.1210 99.45 - 39.25 7,301, - 7,311,	0.75-0.72cpm 0.09-0.05cpm 0.30-0.33cps 0.24-0.22cpm 1.80pm-0.30cls 0.45-0.70credis	550 0.59 3.22 1.30 0.08 -0.94	Three mostls  2.21-2.18pm 0.52-0.42pm 0.89-0.94ds 0.62-0.59pm 1.50pm-1.50ds 1.98-2.33ds	% 92 5.47 133 -3.12 1.14 -1.18 -1.29
Oct.4  UK†	Day's spread 1.6005 - 1.6140 1.4145 - 1.4215 1.1725 - 1.1765 2.1150 - 2.1260 39.35 - 39.70 7.291, -7.334, 1.8720 - 1.8830 1.59.00 - 1.59.30	Case  1.6040 - 1.6050 1.4185 - 1.4195 1.1745 - 1.1755 2.12009 - 2.1210 9.45 - 39.55 7.30% - 7.31% 1.8770 - 1.8780 159.22 - 159.30 119.05 - 119.13 13734 - 13744	One month  0.75-0.72-pm 0.09-0.05-pm 0.09-0.05-pm 0.30-0.33-cfs 0.24-0.22-pm 180-m-0.30-cfs 0.45-0.70-cests 0.21-0.19-pm 57-67-cfs 47-52-cfs 3.00-3.601-cfs 3.00-3.601-cfs	150 0.59 3.00 0.08 -0.94 4.98 -4.98 -2.89	Three months  2.21-2.18pm 0.52-0.42sm 0.89-0.94sm 0.62-0.57sm 1.50pm-1.50ds 1.98-2.33ds 1.98-2.33ds 1.98-2.35ds 1.98-2.35ds 1.98-2.35ds 1.98-2.35ds 1.98-2.35ds 1.98-2.35ds 1.98-2.35ds 1.98-2.35ds 1.98-2.35ds	5.47 1.33 -3.12 1.14 -1.18 -6.29 -4.93
Oct.4  UK1 Irelandt Canada Netherlands Belgium Denniark W. Germany Portogal Spain Italy	5075 \$FREE 1.605-1.610 1.4145-1.4215 1.1735-1.1745 1.1735-1.246 97.35-99.70 7.294-7.334 1.8720-1.99.30 1.970-1.97.31 1.970-1.97.31 1.970-1.97.31 1.970-1.97.31	Cose 1.6040-1.6050 1.4185-1.4195 1.1745-1.1745-1.1745-1.1745-1.1745-1.21200 21.200-2.12100 21.45-21.2120 1.5740-1.1540 1.5740-1.1540 1.5740-1.1540 1.5740-1.1540 1.5740-1.1540 1.5740-1.1540 1.5740-1.1540 1.5740-1.1540 1.5740-1.1540	0.75-0.72cm 0.09-0.05cm 0.39-0.35cm 0.24-0.22cm 0.24-0.22cm 0.65-0.70creds 0.21-0.19cps 57-67cds 47-52chs	550 057 330 059 128 486 486 287 212	Three months  2.21-2.18pm 0.52-0.42pm 0.52-0.42pm 0.59-0.44bs 0.62-0.59pm 1.50pm 1.50pm 1.50pm 1.50pm 1.52-2.33ds 0.57-0.54pm 2.55-6.56is 1.62-1.52dis 9.00-13.00dis 3.60-3.5dis	5.47 1.33 -3.12 1.14 -1.18 -6.29 -4.93 -3.21 -2.18
Oct.4  UK†	0ay's spread 1.6005 - 1.6140 1.4146 - 1.4215 1.1725 - 1.1765 2.1150 - 2.1240 39.35 - 39.70 7.294 - 7.334 1.8720 - 1.8830 1.99.00 - 1.99.30 1.970 - 1.9764 6.92 - 6.954	Cose 1.6040 - 1.6050 1.4185 - 1.4195 1.1745 - 1.1755 2.1200 - 2.1200 9.45 - 39.55 7.301 - 7.311 1.8770 - 1.8780 1.99.20 - 1.99.30 1.90.5 - 1.19.15 1.97.31 - 1.9744 6.941 - 6.95 6.364 - 6.374	One month  0.75-0.72:pm 0.09-0.05:pm 0.30-0.33:cdfs 0.30-0.33:cdfs 0.45-0.70:redfs 0.21-0.19:dpm 3.76-51:cdfs 3.00-3.600:redis 1.16-1.35:oredfs 0.30-0.40:uls	5097 5097 5097 5097 5099 5099 5099 5099	Three mostls  2.21-2.18pm 0.52-0.42pm 0.89-0.94ds 0.42-0.79pm 1.50pm-1.50ds 1.50pm-1.50ds 1.50-2.33ds 0.57-0.54pm 225-245ds 1.20-1.50ds 3.60-3.95ds 0.95-1.10ds	\$2. 5.47 1.33 -3.12 1.14 -1.18 -6.29 -4.93 -3.21 -2.18 -0.64
Oct.4  UK†	0075 9784 1.6005 - 1.6140 1.4145 - 1.4215 1.1725 - 1.1745 1.1725 - 1.1745 1.1725 - 1.1745 1.1720 - 1.9130 1.19.00 - 1.9130 1.	Case 1.6040-1.6050 1.4165-1.4195 1.1745-1.1745-1.1745 2.1200-2.1200 9.45-39.55 7.301,	Gae month  0.75-0.72pm 0.09-0.05cpm 0.30-0.33cdfs 0.24-0.22pm 180pm-0.30cdfs 0.45-0.70cedfs 0.45-0.70cedfs 0.21-0.19cfpm 57-67-cdfs 1.00-3.600redfs 1.10-1.35credfs 0.30-0.40cdfs 1.40-1.55credfs	\$50 550 550 550 550 550 550 550 550 550	Three months 2.21-2.18pm 0.52-0.62pm 0.89-0.946s 0.62-0.79pm 1.50pm-1.50des 1.98-2.33des 0.57-0.54pm 2.25-245cdes 1.92-2.152des 2.00-13.00dis 3.60-3.75ddes 0.95-1.10des 4.00-4.25des 4.00-4.25des	% 92 5.47 1.33 -3.12 1.14 -1.18 -6.29 -4.93 -3.21 -2.18 -2.56
Oct. 4  UK) Ireland Canada Canada Checker lands Belgium Desmark W. Gernany Portogal Spain lands Blowery France Swedes Langa Desmark Langa Canada Cana	0875 97881 1.6005-1.6140 1.4145-1.6215 1.1735-1.1745 2.1150-2.1260 39.35-39.70 7.294, -7.334 1.8720-1.8830 1.8720-1.953 1.9700-1.97.0 1.970-1.97.0 1.970-1.97.0 6.92-6.954, 6.354-6.3842 6.43-6.45	Case 1.6040-1.6050 1.4165-1.4195 1.1745-1.1745-1.1745 2.1200-2.1200 9.45-39.55 7.301,	Gae month  0.75-0.72pm 0.09-0.05cpm 0.30-0.33cdfs 0.24-0.22pm 180pm-0.30cdfs 0.45-0.70cedfs 0.45-0.70cedfs 0.21-0.19cfpm 57-67-cdfs 1.00-3.600redfs 1.10-1.35credfs 0.30-0.40cdfs 1.40-1.55credfs	% p2 150 0.59 3.22 130 0.94 1.28 4.98 -2.12 -0.65 -3.66	Three mostls: 2.21.2 Hpm 0.52-4.2 Com 0.89-0.94ds 0.62-0.5 pm 1.54m-1.54m 1.54m-1.54m 1.54m-1.55m 1.54m-1.55m 1.54m-1.55m 1.54m-1.55m 1.54m-1.55m 1.54m-1.55m 1.54m-1.55m 1.54m-1.55m 1.54m-1.55m 1.54m-1.54m 1.54m-1.55m 1.54m-1.55m 1.54m-1.54m 1.54m-1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54m 1.54m-1.54	% 92 547 133 114 118 423 432 432 432 432 432 432 432 432 432
Oct.4  UK) Irelant/ Canada Rether lands Belgium Desmark W. Germany Portogal Spain Italy Hower France Swedes Japan Austria	0075 9784 1.6005-1.6140 1.4146-1.4215 1.1736-1.1745 1.1736-1.1745 9.35-99,70 7.294-7.334 1.8720-1.8259 1.9700-1.19-50 1.19-0.119	Cose 1.6040 - 1.6050 1.4165 - 1.4195 1.1745 - 1.1745 2.1200 - 2.1200 91.65 - 91.55 1.1770 - 1.8780 1.9700 - 1.9700 1.9700 - 1.	One month  0.75-0.72-pm 0.05-0.05-pm 0.30-0.33-dm 0.30-0.35-dm 180-m-3.0-dm 0.50-1.09-pm 5.5-2-dm 1.0-3.50-dm 1.0-3.50-dm 1.10-1.35-redit 0.30-0.40-dm 1.40-1.35-redit 0.40-4.2-pm 0.40-0.10-dm 1.40-1.35-redit 0.40-4.2-pm 0.40-0.10-dm 1.40-1.10-dm	\$50 0.59 1.30 0.09 1.488 4.89 2.166 2.166 2.166	Three mostly 2.21.2 light	% 92 547 133 -312 114 -118 118 -129 -4.93 -3.71 -2.56 -2.56 -3.45 -3.45 -3.45 -3.45
Oct.4  UK1 Ireland7 Canada Itelher land5 Belghum Desmark W. Germany Portogal Spain Italy France Swedes Japas Austria Switzerjand	0875 9784 1.605-1.6140 1.4145-1.6215 1.1725-1.1745 2.1150-2.1260 39.35-39.70 7.291, 7.334 18720-18830 18900-189.30 119.00-199.30 119.00-199.30 119.00-199.30 119.00-199.30 119.00-199.30 119.00-199.30 119.00-199.30 119.00-199.30 119.00-199.30 119.30 119.30	Gese 1.6040 - 1.6050 1.4185 - 1.4195 1.1745 - 1.1745 2.1200 - 2.1210 39.45 - 39.55 7.301 - 7.311 1.8770 - 1.8780 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.973 1.920 - 1.920 1	One month  0.75-0.72-pm 0.09-0.05-pm 0.39-0.05-pm 0.39-0.32-ds 0.24-0.22-pm 180-0-3.0-ds 0.45-0.70-cds 37-57-ds 3.00-3.600-cds 1.04-1.50-cds 1.04-0.40-ds 1.49-1.30-cds 1.49-1.30-cds 1.49-1.30-cds 1.49-1.30-cds 1.49-1.30-cds	% P2 559 3.77 106 0.94 1.88 4.89 -2.89 -2.166 -2.75 0.15 0.15 0.15	Three months 2.21-2.18pm 0.52-0.42pm 0.59-0.95bm 0.52-0.75pm 1.50pm 1.50	% 92 547 133 -312 114 -118 118 -129 -4.93 -3.71 -2.56 -2.56 -3.45 -3.45 -3.45 -3.45
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Long to years 9½-9	Long term Eurodollars: two years 91,-82 per cent; three years 91,-9 per cent; foor years 91,-9 per cent; five ears 91,-9 per cent nomined. Short term rates are call for US Delians and Japanese Yes; others, two days' notice.									
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H FL Lira	0.294 0.454	0.472 0.728	0.885 1.366	66.50 102.6	3.003 4.635	0.767 1.184	1 1.543	648.0 1000.	0.554 0.855	18.65 28.75
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#### FINANCIAL FUTURES AND OPTIONS

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Strike Price 89 90 91 92 93 94 95	Calk-settlements Der Mar 3-22 4-28 2-30 3-37 1-44 2-55 1-04 2-13 0-22 1-11 0-12 0-52 I welcome total, Calks bary sppen int. Calk 15	Pats-settlements Der Mar 0-08 0-16 0-27 0-30 0-43 0-54 1-01 1-25 1-29 2-06 1-63 2-20 1-63 1-32 Pats 1390 696 Pats 9623	Surface Price: 93 94 95 96 97 98 99	Calls - 81 Dec 3-54 3-09 2-14 1-36 1-03 0-40 0-27	Mar 4-30 3-51 3-11 2-40 2-09 1-46 1-23 otal, Calls 24 att, Calls 24	Dec 0-14 0-24 0-38 0-60 1-27 2-03 2-51 150 Pats	itiensats Mar 1-00 1-21 1-65 2-10 2-43 3-16 3-57 30	Surface Prize 9200 9250 9350 9450 9450 9450 9500 Februaries Previous 6	Dec 1.43 1.04 0.70 0.44 0.26 0.15 0.08	tilements	0e: 0.15 0.26 0.42 0.66 0.96 1.37 1.80	Mar 0.41 0.75 0.76 1.00 1.28 1.39 1.94 285
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**EUROPEAN OPTIONS EXCHANGE** 

			. 89		. 90		90	
Series		Vol	Last	Val	Last	Vol	Last	Stock
C P	\$ 390 \$ 360	55	3	20	5.90	-	=	\$ 366.60 \$ 366.60
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1.60 TOTAL VOLUME IN CONTRACTS: 66,912 k B=Bid C-Call P=Par

LONDON (LIFFE) 25-YEAR 9% NOTENIAL COLT CSC.806 32nd of 198% Units High Law Pres. 0.7143 0.7153 0.7138 0.7138 0.7201 0.7209 0.7197 0.7196 Estimated volume 17241, 6990) Presions day's open let, 28510 (29513)

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1-mth, 3-mth, 5-mth, 12-mth, 15972 15926 15625 15278 Spot 1,6045 BIGH-STEPLENG & per E

Latest High Low Pres. 15670 15908 15852 15866 15692 15696 15646 15669 - 12524 15460 15486 USING COMPUTERS IN BUSINESS AND INDUSTRY

Friday 24 November 1989 For a full editorial synopsis and dyestisement details, please contact

on 01-873 4540 or write to him at: Number One louthwark Bridge London

**MONEY MARKETS** 

### Rates nudge higher

CALL MONEY in Frankfurt mudged up to 7.50 from 7.40 per cent, with bids touching 7.75 firm indication that official nudged up to 7.50 from 7.40 per cent, with bids touching 7.75 per cent, as the market anticipated an upward move in official interest rates at today's Bundesbank council meeting.

Expectations of a rise in the discount and Lombard rates increased after banks bid 7.40 to 7.75 per cent for 29-day money and 7.55 to 7.80 per cent for 58-day funds at this week's securities repurchase agreement tender held by the Bundesbank. Dealers said that rates at the tender did not show con-clusively by how much, or even whether, official rates

UK clearing back base leading rate 14 per cest trom tray 24

will be increased today, but sentiment pointed towards a full point rise.

Speculation about higher rates has led to heavy use of the 7.00 per cent Lombard emergency borrowing facility. Banks borrowed an exception-ally high DM30.2bn in Lombard money on Tuesday. This is probably the reason why the Bundesbank allocated only DM18bn at the securities repurchase tender, compared with expiring pacts totalling

The fact that the central bank did not fully replace the expiring agreements may not,

rates will rise today. On the other hand, it must be ques-tionable how long the Bundes-bank is prepared to let banks round trip by drawing down funds under their Lombard facility to relend on the open

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

In London interest rates rose nervously, on fears that higher German rates will force an increase in UK bank base rates. Three-month sterling interbank firmed to 14%-14H from 14%-14% per cent. The decline of sterling so far this week has increased fears that even a rise of ½ point in German rates could force higher base rates.

Day-to-day credit conditions remained comfortable. The Bank of England forecast a flat credit position and did not operate in the money market. Bills maturing in official hands drained £157m, with a rise in the note circulation absorbing 195m and bank balances below target £10m. These factors were roughly balanced by Exchequer transactions adding £255m to liquidity.

On Liffe short sterling fell on the higher than expected rates paid at the Bundesbank's tender. The Decamber contract touched a low of 85.47 and closed at 85.50, compared with 85.65 on Tuesday.

FT LONDON INTERBANK FIXING (LLOD a.m. Oct.4) 3 montes US dollars 6 months US Dollars

MONEY RATES NEW YORK Treasury Bills and Bonds (Lunchtime) 7.88 7.95 8.06 8.33 8.40 8.41 7.60-7.75 9<u>2</u>-9<u>8</u> 10<u>13</u>-11 ል

LONDON MONEY RATES One Year Oct.4 24 134 134 13% 133 13% 13 kg 14 kg 14 kg 14 kg 14 kg 16 kg 16 kg 16 kg 16 kg 16 kg 17 kg 18 kg 144 143 14号 14号 138 146 9.00 84 104 8.97 84 84 104 104

Treasury Bills (sell); one-month 14.1 per cent; three months 13th per cent; Bank Bills (sell); one-month 14.2 per cent; three months 14 per cent; Treasury Bills; Average tender rate of discount - p.e. ECGD Fixed Rate Starling Export Finance. Make up day September 29 1989. Agreed rates for period October 25 to November 25, 17879, Scheme 114.82 p.c., Schemes II & III: 15.27 p.c. Reference rate for period Sept 1, 17879, Scheme 114.82 p.c., Schemes II & III: 15.27 p.c. Reference II & III: 15.28 p.c. Scheme IV&V: 14.018 p.c.Local Authority and Finance Houser seven days' notice, others seven days fixed. Finance Houses seven days' notice, others seven days fixed. Finance Houses Base Rate 14 from October 1, 1789; Bank Deposit Raiss for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 5): Deposit E10,0000 and over held orater one month 10 per cent; one-three months 12 per cent; three-six months 12 per cent; six-sine months 12 per cent; one-three months 12 per cent; Under £100,000 10 per cent from May 25,1999, Deposits withdrawn for cash 5 per cent.

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### SEL 9HL BASE LENDING RATES Chydesdale Bank .... Compa. Bk. M. East ... Co-operative Bank . Contis & Co

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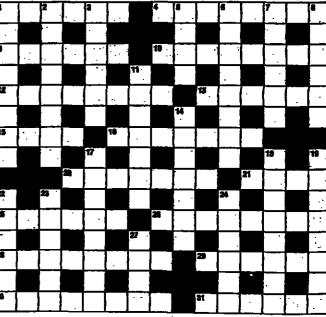
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#### **CROSSWORD**

No.7,055 Set by DINMUTZ



**ACROSS** 1 Extras are bothersome

within (6)
4 Records of principal American composer (8) Early invaders in corners (6)

10 Suspicion of corrosion after condensation (8) 12 This flower needs improved drainage (8)
13 Condition right of ancient Greek coin (6)

15 Wild pear harvest (4)
16 Prohibit ruler from making
statements, for example (7)
26 Father's hat I batter about 21 Trip to ancient city (4)

eign fields (6)
26 How delightful — tea with best china! (8)
28 Vehicle of Manpower Ser-

25 Informal conquerors of for-

vices? (8)
29 Bony plate displayed by beast on its back (6)
30 Lines confessing he is a poet 31 Attractive bar in which

Bunter appeared? (6) DOWN

1 Building for growing fruit in Ohio mountain-railway (8) 2 Not the quickest way to Scotland, going by air (4-4) 3 Smoking-jacket? (6)

5 More than one real find in Treasure Island (4) 6 Position for bowler taken off? (3-5) 7 Cellars for Graves, perhaps

8 Send up topless waiters as a novelty (6)

example (7)
Slight salling-vessel in extremely stormy surroundings (7)
Sad plano arrangement makes organ stop (8)
18 Party favourite in govern-

11 Strange dialect of Dover, for

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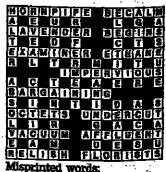
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ment (8)
19 Redolent of far-off Bounty. say? (8) 22 Beetle makes mark on sailor

23 A cough-mixture up in Argentina (6) 24 Mistakes that may increase

the volume? (6) 27 Pop taken on board? (4) Solution to Puzzle No.7,054



Misprinted words: Across: 1 dance 5 still 9 bine 10 dawns 11 papers 12 mei 14 pas-sage 18 terms 22 sets 23 sell 24 space 25 wealthy 26 savour 27

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#### WORLD STOCK MARKETS

STEER. FRANCE (continued)	SERMANY (continued) 17ALY (continued)	SWEDEN	
shor 4: Sch. + or - October 4 Fig. + or	- Delater 4 Day + se - Delater 4 Live + se -	October 4 Kroner + er - ACA 8 (Free)	CANADA
### ### ### ### ### ### ### ### ### ##	September   124.7   42.5   54.5   59.5   13.20   13.00   13.	Assa B Greel	TORONTO   Close for   Close Company   Close
8 Rank 427 H6 Sagers 1580 -20	1741_Y	Scott AF KELA  Retuber 4 Rand + 9r -  Abertam 21  AEG 183	INDICES  NEW YORK  Oct. Oct. Oct. Sep.   1989
### ### ### ### ### ### ### ### ### ##	Banca New Agric.   11,000   -1,00   Banca Hispano   332   -3   -3   Banca Hispano   1,178   -4   Bargo Cardiere   1,178   -4   Bargo Cardiere   1,179   -4   Bargo Cardiere   1,195   -4	Allied Tech	DOW JONES Cet   Oct   Sep
their 4 Yest + 67 -   Scholer 4 Yest + 67 -   Spann Radio   2,060 - 40   Japan Radio   2,060 - 40   Japan State   41   1100 - 20   Japan State   41   1100 - 20   Japan State   41   1200 - 40   Japan State   41   1200 - 40   Japan State   41   1200 - 40   Japan State   42   Japan State   Japan St	Nikito Set	October 4	NEW YORK ACTIVE STOCKS   TRADING ACTIVITY   Total price on day   Transactary   Trans
dd Schydar 3,180 20 10 10 10 10 10 10 10 10 10 10 10 10 10	Mitte Roseid   971   -8   Tago Seltza   3,050   -30   10   10   10   10   10   10   10	HONG KONG   H.K.S + or -	TOKYO - Most Active Stocks  Wednesday October 4 1989  Sector Country  Tracked Prices on + 100  Tracked Prices on + 100  Nippon Seed 1, 1,40 - 00  Nippon Seed 1, 1,50 + 50  Shrinke Elebre 1,190 + 50  Shrinke Elebre 1,190 + 50  Shows Line 7,5ss 1,1201 + 50  Shows Line 7,5ss 1,1201 + 50  FINANCIAL TIMES  Lucyt 1 superitis super
a Helses 27.10 -50	Spiritum   Spiritum	Hygan Dev   1.59   Hogan Dev   1.59     Indest Energy   1.5.10   Hogan Dev     Indest Energy   1.5.10   Hogan Dev     Indest Energy   1.5.20   Hogan Dev     Indest Energy   1.5.20   Hogan Dev     Indest Energy   1.2.3   Hogan Dev     Indest Energy   1.3.40     Indest Energy   1.5.40     Indest Ene	Keep the world in focus.  For many executives that could be a daunting task were it not for the Financial Times. The FT has breadth

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### Strong gains produce second record in a row

#### Wall Street

FOLLOW-THROUGH buying by investors who missed Tuesday's move to record highs ensured gains for leading equity indices by midsession yesterday, but heavy volume suggested that there was also

singgested that there was also some profit-taking, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average stood 18.24 higher at 2,772.80, another all-time high. Volume on the New York Stock Exchange was an active 125m shares by midan active 125m shares by mid-

The sharp rally on Tuesday took many analysts by sur-prise. Although the buying was concentrated in blue chip, recession-resistant stocks -and notably bypassed technol-ogy issues - they judged it to

be an impressive performance.

The surge to all-time highs, and not just on the narrow Dow Jones Industrial Average, has come in spite of worries that third-quarter earnings will be disappointing, fears of recession and turmoil in the junk bond market.

The question now is whether this year's impressive rally can go much further. Opinion is clearly divided according to whether people think there will be recession or not. Those who believe the Fed-

eral Reserve will be able to extend the economic expansion at a slower, less inflationary pace believe that cyclical stocks, which have underperformed non-cyclicals because of fears of recession, represent good value.

Others fear that non-cyclicals, such as Philip Morris, will not make much more headway. and cyclicals could do even ss well as the economy dips into recession.

For the time being, as this perennial economic debate continues, there seems to be a sense of overall optimism about this market, although institutional buying has become more selective.

Technology issues, which took a beating on Tuesday as consumer stocks surged, yes-terday recovered some ground.

# Buyers undeterred by wait for Bundesbank decision

ALTHOUGH a rise in West increasingly likely, there were some healthy gains in Europe, writes Our Markets Staff.
FRANKFURT simmered away as the Bundesbank's "repo" tender took DM8hn out of money market liquidity. It accepted tenders for DM18hn, accepted tenders for DM18hn, accepted tenders or DM18hn, accepted

IBM, which fell on Tuesday to within a few dollars of its low of October 19, 1987, rebounded by \$1½ to \$107%. Digital Equipment added \$1 to \$89% and Motorola \$1 to \$57%.

Sun Microsystems added against DM26bn expiring, at rates raised about half a percentage point to between 7.4 \$2% to \$17% after the company

said that it expected a small operating profit in the latest

Among other blue chips, Philip Morris fell \$1 to \$170%

after its gain of more than \$5 on Tuesday, Procter & Gamble continued to do well, adding \$1% to \$125%, and Coca-Cola dipped \$% to \$69%. Boeing,

which rose strongly on Tuesday on analysts' expectations that its machinists union

would not walk out, fell \$% to

\$58% as the union voted to

Federal National Mortgage Association rose \$2% to \$134% after its chairman told Euro-

pean investors that Fannie Mae expected 1989 net income easily to surpass its 1988 earn-

Esselte Business Systems surged \$4% to \$42% after its parent company, Esselte AB of Sweden, said it had begun dis-

cussions on acquiring the

shares it does not already own for about \$40 a share.

THE RALLY in Toronto con-

tinued at midsession, inspired by evidence that the economy

is growing slowly and inflation is low. The composite index

rose 13.6 to 4,025.5 on volume

Connaught Biosciences fell

C\$2 to C\$36 after a bid from

Ciba-Geigy of Switzerland and Chiron of the US was dropped.

Another offer from Institut Merieux of France at C\$37 a

share stands, although a law-suit against foreign ownership of the company is being

GOLD shares finished mixed in

Johannesburg as the bullion

price remained fairly static.

**SOUTH AFRICA** 

Canada

of 16.5m shares.

and 7.8 per cent.
Mr John Whitehead, strategist at Robert Fleming, said the combination of lower liquidity and higher rates would be consistent with a rise of half a percentage point in key discount and Lombard rates when the Bundesbank has its much-awaited, fortnightly meeting today.

Flemings did not think a

simple rise in key rates would present the most bullish scenario for the market. What they would favour would be a concerted cut in US rates, and a change in the structure of the German Lombard rate. Share prices rose again yes-

terday, the FAZ putting on 6.76 to 678.89; but the DAX indicated an afternoon slowdown with a net rise of 10.87 to 1,613.27 in healthy turnover of DM5.3bn, after an intra-day high of 1,619.71.

Preussag, the energy, metals and commodities group, fell DM7.50 to DM301.50, its third consecutive fall this week and a 10 per cent loss since last Friday, following the amouncement of plans to take over Salzgitter, the state-owned steelmaker.

AMSTERDAM had a second strong day, as buyers contin-ued to focus on Philips and the insurance sector. One analyst said investors in the Nether-lands had started to think there might not be a rise in

ISTANBUL surged to its sixth record high in a row, as the stock exchange index leapt 7.1 per cent to 1,834.83. This took its rise since August 9, when the market was opened to foreigners, to 138 per cent.

German rates after all, and that in any case the Dutch central bank might not follow suit.
Philips briefly breached
F150, which is seen as a psychological threshold, but it edged back to end 60 cents higher at Fl 49.80. Enthusiasm for the stock, which had been a market laggard, has grown strongly over the past month. "A lot of investors thought that if they didn't rich it it. that if they didn't pick it up they might miss the rally,"

said the analyst. Among insurers, Aegon climbed F11.50 to F1114.80 and Amey was up 50 cents at

F156.70. They have been helped by the insurance mergers elsewhere in Europe and by a turnround in the US accident and health insurance market, where the companies have significent busines

The CBS tendency index gained 0.8 to 196.9 and turnover was put at over F1 900m, the highest this week. PARIS continued to focus on

special situations and ended mixed, and off its highs, with volume estimated at over FFr2bn and the session scribed as "unexciting." Eurotunnel saw another FFr5.70 shaved off to end at

FFr57.80, a fall of 21 per cent

There was a lot of activity in banks, with Credit Foncier de France rising FFr79 to FFr1,200 on a hefty 71,000 shares traded, as its property assets drew attention. Société Générale rose FFr14 to FFr526 before

reporting a 21 per cent increase in interim profits. The OMF 50 index closed

MILAN ended a streak of three negative sessions with some light buying of selected hine chips. Flat rose L115-to L11,720, Montedison L15 to L2,300 and Pirelli Spa L28 to L3,570. Olivetti feli L240 to L8,620 against the trend. The Comit index rose 1.61 to

699.04 but the underlying tone of the market remained weak, with selling pressure in the banking and insurance sectors. ZURICH saw high turnover in selected blue chips and the market closed higher across the board in moderate trading. The Credit Suisse index rose 6.6 to 647.2 Dealers said the

Swiss discount rate could be

the overnight surge on Wall Street with a sharp rise in just 0.13 lower at 526.40 and the fairly active trading. The opening CAC General index Affarsvärlden General index was up 7.2 at 550.1 rose 9.4, or 0.7 per cent, to 1,291.6. COPENHAGEN was again

pushed higher by insurance and banking stocks, with Hat-nia Holding jumping DK18 to DK1428 after reporting results on Tuesday.
BRUSSELS regained some

ground as the cash market index rose 45.78 to 6.665.28. pushed shares down earlier in the week.
VIENNA continued to rally. with the bourse index up 11.82, or 2.2 per cent, at 520.68 as small investors joined a foreign buying spree.
HELSINKI eased as interest

rates were raised again. The Unites all-share index lost 3.3, or 0.5 per cent, to 681.4

#### FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT-Actuaries World indices as at SEPTEMBER 29, 1989 are expressed below in millions of US dollars and as a percentage of the World Index. Similar figures are provided for the preceding quarter.

The percentage change for each Dollar index value since the end of the calendar year is also

Maritat   September   Septem						
Austria (19)	REGIONAL MARKETS (Figures in parentheses show number of stocks	capitalisation as at SEPTEMBER 29, 1989	of World	capitalisation as at JUNE 30, 1989	of World	change in \$ index since
Austria (19)	Australia (85)	100485.2	1.38	82528.7	1.25	+7.11
Belgium (63)		8922.5	0.12	6692.3	0.10	+68.01
Carada (123)         156904.4         2.15         145598.8         2.21         + 19.42           Denmark (39)         3212.0         0.04         5170.5         0.08         - 4.22           France (126)         190182.0         2.61         159614.6         2.42         + 20.77           West Germany (87)         227033.3         3.11         202487.5         3.07         + 14.54           Hong Kong (48)         51457.2         0.71         41957.7         0.64         + 4.23           ireland (17)         8533.4         0.12         6899.0         0.11         + 21.50           Italy (97)         106588.2         1.49         95355.6         1.46         + 11.64           Japan (455)         3035328.6         41.59         2881978.6         40.72         + 0.31           Maleysia (36)         6748.6         0.09         6014.0         0.09         + 41.90           Mexico (13)         6066.0         0.08         5103.2         0.08         + 90.29           New Zealand (20)         11380.8         0.16         9008.4         0.14         + 21.70           Norvey (24)         5426.0         0.07         5208.0         0.03         + 34.38           S		47087.5	0.65	41847.6	0.64	+6.78
Denmark (36)	Canada (123)	158904.4	2.15	145589.8		
France (126)	Denmark (36)			19132.0		
West Germany (97)         227083.3         3.11         202487.5         3.07         +14.54           Hong Kong (48)         51457.2         0.71         41957.7         0.84         +4.23           Ireland (17)         8533.4         0.12         6999.0         0.11         +21.50           Italy (97)         108588.2         1.49         95355.6         1.45         +11.64           Japan (455)         3035328.6         41.59         2681976.6         40.72         +0.31           Melaysia (36)         6748.6         0.09         6014.0         0.09         +41.90           Mexico (13)         6088.0         0.08         5103.2         0.08         +90.28           Netherland (43)         94839.4         1.30         84717.5         1.29         +15.93           New Zealand (20)         11380.8         0.16         9006.4         0.14         +21.70           Norway (24)         5426.0         0.07         5206.0         0.08         +34.36           Singapore (26)         13123.7         0.18         12565.8         0.19         +30.32           South Africa (80)         46061.6         0.63         43335.9         0.66         +35.69           Spai	Finland (26)					
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Ireland (17)	Hong Kong (48)					
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	The World Index (2410)	7298175.1	100.00	6586195.2	100.00	+11.45
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### **Buoyant Pacific markets** lead the global advance

Alison Maitland on the successful third quarter

THE THIRD quarter proved to be the most successful for the world's stock markets since their 12.9 per cent recovery from the global crash in the first three months of 1968. The FT-Actuaries World Index climbed by 8.9 per cent in local currency terms, well up on the 2.9 per cent advance in the second quarter and the feeble rise of 0.2 per cent in the third quarter of last year.

Out of 24 markets, nine showed double-figure gains, led by Austria (up 27.8 per cent),

Hong Kong (up 23.8 per cent) and Mexico (up 23.7 per cent).

The best performing region was the Pacific excluding Japan, which climbed 16.5 per cent after its fall of 5.4 per cent in the previous quarter. This turnround reflected a recovery in sentiment after the Tiananmen Square massacre in Peking in June, which sent Hong Kong shares plunging and initially shook neighbour-

ing exchanges.

The tables turned for the Nordic region, making it the third quarter's worst performer after it had led the world for

the previous nine months. The region was dragged down by Finland (-13 per cent) and Denmark (-4.7 per cent), the only two markets in the world to end the quarter in the red. Finland did poorly in the second quarter, too, falling 3.2 per cent, but Denmark was one of the top performers with a jump of 22 per cent. Last quarter's showings by Sweden (up 6.4 per cent) and Norway (up 1.3 per cent) were also not spiring. The world's three leading

markets, Japan, the US and the UK, showed solid gains of 8.9 per cent, 9.5 per cent and 6.5 per cent respectively. But the UK's rise was

restrained in comparison with many of its Continental neighbours, and a gain of 7.9 per cent for Europe as a whole rises to 8.8 per cent when the UK is excluded.

As usual, the picture was very different for dollar and sterling investors. The dollar was actually slightly weaker in the third quarter as a whole than in the second, and this enhanced profits from most investors, who had lost out for much of the first half when the currency was strong.

The UK rose II per cent in dollar terms, while Japan was up 12.4 per cent. In Continental Europe, France was up 17 per cent compared with a local currency rise of 12 per cent, and Spain gained 13 per cent compared with 8.4 per cent in local-

currency terms.

Sterling-based investors had a more mixed bag to cope with. In dollar-linked markets, the relative strength of the pound detracted from local gains, with the US rising only 5 per cent in sterling terms, Hong Kong 18.7 per cent and Mexico 14.4 per cent. But there were some profitable exceptions in Kurope, as France rose 12.3 per cent in sterling terms and

Spain 8.7 per-cent.

Japan regained some weight, its share of world market capitalisation rising to 41.6 per cent from 40.7 per cent at the end of June. Europe's stake increased to 21.1 per cent from 20.8 per cent, while the US ended slightly slimmer, with a 32 per cent share against 33.3 per cent

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Parties Course

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### Nikkei ends little changed as yen declines

#### Tokyo

INTEREST rate worries resurfaced yesterday, as the yen slipped back against the dollar and share prices closed only moderately higher, writes Michigo Nakamoto in Tokyo.

The Nikkei average ranged narrowly between a high of 35,418.80 and a low of 35,337.80, before closing 16.43 higher at 35,382.80. Advances led declines by 532 to 439 while 162 issues

Turnover rose to 888m shares from the 800m traded on Tuesday. The Topix index of all listed shares declined 9.40 to 2,679.40. In London, the ISE/ Nikkei 50 index picked up 3.68 to 2,025.71.

investors in Tokyo were los-ing faith in intervention, as the dollar showed remarkable resilience in the face of con-certed selling by central banks in the Group of Seven industrialised nations. Concern spread about the possibility of a rise in the official discount rate to keep the dollar down.

The market was divided between companies which fell out of favour, and those which continued to win investors' approval. Heavily-capitalised

NATIONAL AND REGIONAL MARKETS

Figures in parent

weakened and interest rate fears were aggravated; but special situations were actively

pursued by individuals. Nippon Steel fell Y16 to a low for the year of Y735 during the day, a drop of 25 per cent from its record high of Y984 on February 23. Missubishi Heavy Industries lost Y20 to Y1,110. Toshiba, the electricals manufacturer, topped the volume list with 15.1m shares and fell

Y50 to Y1,140. This reflected continued selling, following a leading broker's downward revision of earnings estimates. Selling continued in Life Stores, but the sector as a whole rebounded from Tuesday's losses. Life Stores dropped Y50 to Y3,440; takespeculation has diminished since Shuwa, the real estate group, sold its stake. Investors also turned their city and regional banks were

attention to the small regional banks. Rumours that the big buying shares in smaller regional banks channelled takeover speculation to that sector. Awa Bank, based on the island of Tokushima in western Japan, rose Y30 to Y1,200 and Bank of Ikeda, in north Osaka, gained Y600 to Y9,900.

148.02 130.46 141.13

155.15

-0.4

143.27

146.91

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156.62 138.14 130.20

led the Osaka market lower with the OSE average down 71.26 at 36.291.72.

#### Roundup

MIXED pickings in the Asia Pacific region suggested that some markets were getting the benefit of profit-taking else-

there in the area. AUSTRALIA surged again and then ebbed as rises on Wall Street's overnight perfor mance were overtaken by profit-taking. The early push sent the All Ordinaries index up 13.1 to 1,785.2, only slightly below its post-crash peak, but it finished only 3.5 higher at 1,775.6. Turnover rose to 120m shares worth A\$284m.

The Government's comme that any merger of National Australia Bank with ANZ would present "grave difficul-ties" pushed down bank stocks after recent gains caused in part by merger speculation. ANZ fell 10 cents to A\$5.78 and National Australia lost 6 cents to A\$6.84.

HONG KONG, too, edged higher as profit-taking took away most of the gains achieved in a powerful opening rally. The Hang Seng index

142.96 147.39 130.71 138.52

133.44 156.69 138.78 128.90

the 2,800 resistance level at 2,794.39, after gaining 30 points within the first 15 minutes. Turnover rose from HK\$1.1bn

SINGAPORE was more posi-tive, responding to Wall Street's surge and to heavy buying of DBS Land over several days which helped bring in foreign investors. The Straits Times industrial index rose another 19.94 points to 1,408.26 in turnover doubled from 66m shares worth S\$143m

to 132m and S\$291m. DBS topped the active list and rose 30 cents to S\$10.50. NEW ZEALAND put on 2.4 per cent in heavy turnover, the Barclays index closing 54.57 higher at 2,327.11. Fears that foreign investors would aban-don the market after the finan-cial failure of the investment bank, DFC New Zealand, were proved groundless in a wave of

verseas buying. Volume doubled to 16m shares worth NZ\$41m from 8m and NZ\$20m respectively.
TAIWAN plunged as sellers dominated the market, and the weighted index closed at 9,669.94, down 374.02 or 3.7 per cent, the largest one-day

1989 Low

136,89 88,86 121,82 120,28

decline since June 26.

159,02 162,96 144,47 153,58

155,89

136.68

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